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HOW THIS YEAR'S LISTINGS FARED

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ENGLISH EDITION

finweek

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17 December 2015

THE BATTLE FOR SYRIA

ZILLE BOWS OUT

HILLARY THROWS HER HAT IN THE RING

#2015HASFALLEN

THE STORIES THAT SHAPED YOUR YEAR

SA GETS DOWNGRADED

MATRIC PASS RATE DECLINES

ROLLING BLACKOUTS

MARIKANA REPORT CLEARS CYRIL

CURRO DITCHES ADVTECH

WOMAN TAKES THE HELM AT WOOLWORTHS

PARIS BLEEDS

'**BEARS** BECOMING COCKY ON THE JSE'

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from the editor

JANA MARAIS

"We dare not deviate from the budget stance we adopted in October, please!" former Reserve Bank Governor Tito Mboweni begged in a graduation day speech at Wits University.

Ignoring the expenditure ceiling in particular will almost definitely lead to further downgrades in the country's sovereign debt rating, which is currently just a notch above junk. Another downgrade will automatically translate into higher borrowing costs, and SA falling off the radar for many investors who can only look at countries with an investment-grade rating, Mboweni said. As Stanlib warns in a recent note: SA remains hugely reliant on foreign portfolio investment flows; a halt in inflows or sudden, huge outflows will have a detrimental impact on the currency, inflation rates, interest rates, debt levels and the GDP growth rate – all things that should be causing sleepless nights in the Presidency.

Fitch attributed its decision to downgrade in part to the likelihood of lower growth in SA going forward, particularly due to the negative impact a lack of policy uncertainty and investor-unfriendly policies have on business confidence, and government's failure to implement policies to address our structural problems.

With no room to manoeuvre, one would think the Zuma administration would try something new to avert this looming crisis – instil confidence, for example. As Larry Summers, former US Treasury Secretary said earlier this year: "Confidence is the cheapest form of stimulus."

But instead of preaching (and demonstrating) stability and inspiring confidence, President Jacob Zuma has said absolutely nothing at all.

Rather, rumours started circulating that Zuma is preparing for his sixth cabinet reshuffling in six years – this time to remove finance minister Nhlanhla Nene.

Nene's very competent and much respected director-general Lungisa Fuzile is apparently also earmarked to get the chop. While Fuzile denied knowing anything about his contract not being renewed when it ends in May next year, the question marks are there – and it doesn't inspire confidence at all. ■

Pres. Jacob Zuma announced the axing of Nhlanhla Nene as *finweek* was going to print on 9 December. Nene will be replaced by ANC backbencher David (Des) van Rooyen, a former mayor of Merafong Municipality, which includes mining towns Carletonville and Merafong. The rand weakened by 4.3% to a record low against the US dollar within minutes of the announcement.

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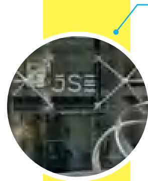

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Published on behalf of Media24 by New Media Publishing (PTY) Ltd Johannesburg Office: Ground floor, Media Park, 69 Kingsway Avenue, Auckland Park, 2092
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Printed by Paarlmedia and Distributed by **On The Dot** Website: **http://www.fin24.com/finweek** Overseas Subscribers: **+27 21 405 1905/7**

By Mills Soko

STATE FINANCES

It's time for Nhlanhla Nene to resign

As minister of finance, Nhlanhla Nene has one of the toughest jobs in the country. His task is complicated even further by the rampant mismanagement at parastatals, notably SAA. But can the National Treasury work in an effective manner when Nene has little support from the top?

It has been a terrible year for the South African economy. South Africa's poor economic performance is partly a product of external factors. However, it is also largely a consequence of domestic factors that have been compounded by poor political leadership. The incompetence of the Zuma administration has taken a heavy toll on the local economy. And, without a clear plan to resolve our economic troubles, they are likely to get worse.

There is only one public institution that can prevent SA from experiencing a complete economic catastrophe – the National Treasury. Yet this is the institution that has been subjected to the most intense political pressure in recent months. And, as the saga of South African Airways (SAA) under the appalling leadership of Dudu Myeni has shown, it is also an institution that has not enjoyed protection from the country's political leadership, notably President Jacob Zuma.

Dudu Myeni
Chairperson of SAA

It is common cause that one of the reasons former minister of finance Trevor Manuel was a successful custodian of South African public finances had to do with the fact that he enjoyed the protection of his boss, Thabo Mbeki. Mbeki used his political and constitutional powers to shield the National Treasury from undue political influence. Manuel, together with his predecessors Derek Keys and Chris Liebenberg, also benefitted from political protection from former president Nelson Mandela.

Judging by the contemptuous manner in which Myeni has dealt with the National Treasury, Zuma has thrown finance minister Nhlanhla Nene to the wolves. Nene is involved in a battle he will never win. He is a superb public servant but he lacks political clout within the ANC and has the misfortune of having to continuously fend off economically illiterate and rapacious political predators. He has correctly stood up to Myeni: no self-respecting finance minister should countenance the kind of flagrant abuse of public funds that has become the norm at SAA. But in confronting Myeni he is also challenging powerful political interests that back her.

Without Zuma's backing, Nene will eventually lose the fight to contain the financial bleeding and governance chaos at SAA. SAA is a major headache for the National Treasury, but it pales into insignificance when compared with the proposed nuclear build programme, whose affordability Nene says "needs to be thoroughly debated".

There's only one way in which Nene can avert damage to his stellar political career. He must jump before he is pushed.

Nhlanhla Nene
Minister of finance

Given the precarious state of the country's public finances, coupled with growing political pressure on the National Treasury to spend money it does not have, Nene's already invidious position will become increasingly unbearable. As the 2016 local government elections approach, the clamour for more spending to appease a restive electorate will grow.

Although Nene knows that the current path of government profligacy will result in disastrous economic consequences, he is politically vulnerable. The political forces ranged against the National Treasury are very powerful and, without the protection of the country's head of state, Nene and his officials will ultimately succumb to political pressure in the same ways as other public institutions, such as the South African Revenue Service (Sars) and the National Prosecuting Authority, did.

Given the toxic political milieu in which he is operating, Nene faces the prospect of becoming the first post-apartheid finance minister to be forced out of office. If that did happen, he would join a string of public officials who were discarded for either failing to toe the line, or for being seen as a stumbling block to the machinations of those with undefined political agendas.

There's only one way in which Nene can avert damage to his stellar political career. He must jump before he is pushed. He must resign on his terms not only to preserve his professional integrity, but also to draw public attention to the atrocious conditions he and his officials have had to do their jobs.

The financial markets would not take kindly to such a move, but they will recover in time. Such a move would also lead to Nene's political isolation, but it would also hopefully focus the ANC's attention on the grave threats facing our country's most prized public institution. Nene is an educated and capable politician and he would thrive in the private sector. ■

editorial@finweek.co.za

Pres. Jacob Zuma announced the axing of Nhlanhla Nene as finweek *was going to print on 9 December. Nene will be replaced by ANC backbencher Des van Rooyen, a former mayor of Merafong Municipality, which includes mining towns Carletonville and Merafong. The rand weakened by 4.3% against the US dollar within minutes of the announcement.*

Mills Soko is an associate professor of international political economy at UCT's Graduate School of Business. He is the deputy chairperson of the editorial board of New Agenda, as well as a member of the editorial boards of Global Governance and AfricaGrowth Agenda. He is a research associate of both the South African Institute of International Affairs and the Institute for Global Dialogue. He is a member of the Evian Group's Brains Trust and of the Africa Business Network.

Nhlanhla Nene: Waldo Swiegers/Bloomberg via Getty Images   Dudu Myeni: Gallo Images /City Press /Muntu Vilakazi

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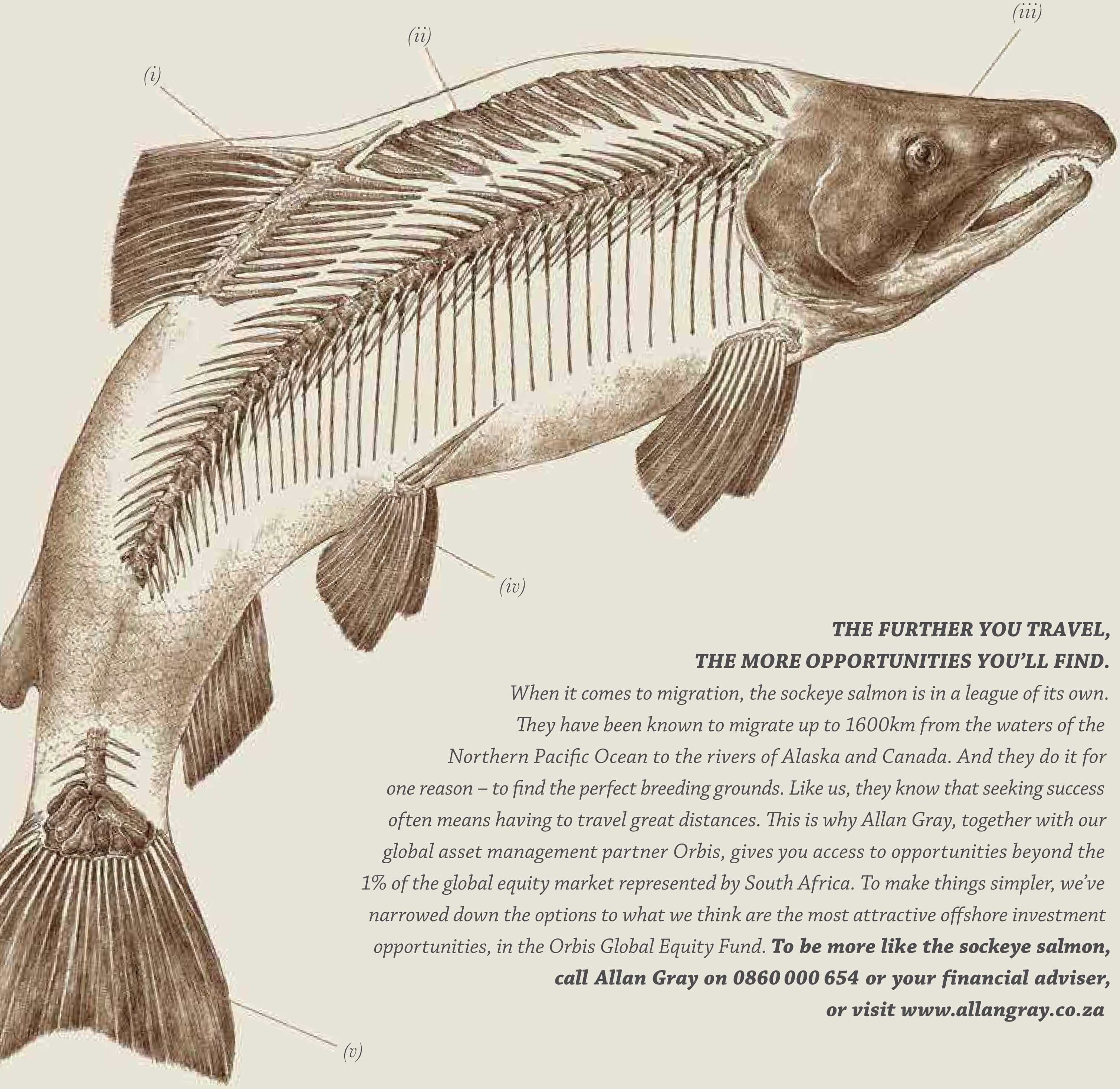

Artist's impression.

THE FURTHER YOU TRAVEL,
THE MORE OPPORTUNITIES YOU'LL FIND.

When it comes to migration, the sockeye salmon is in a league of its own. They have been known to migrate up to 1600km from the waters of the Northern Pacific Ocean to the rivers of Alaska and Canada. And they do it for one reason – to find the perfect breeding grounds. Like us, they know that seeking success often means having to travel great distances. This is why Allan Gray, together with our global asset management partner Orbis, gives you access to opportunities beyond the 1% of the global equity market represented by South Africa. To make things simpler, we've narrowed down the options to what we think are the most attractive offshore investment opportunities, in the Orbis Global Equity Fund. ***To be more like the sockeye salmon, call Allan Gray on 0860 000 654 or your financial adviser, or visit www.allangray.co.za***

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LONG-TERM INVESTING

in brief

>> The best and worst 2015 had to offer p.8
>> TREND: Must-have apps for the December break p.10

"ACTIVITY IN THE RESOURCE SECTOR IS MORE ABOUT WHO'S GOING TO GO BUST, RATHER THAN WHO IS GOING TO BE BOUGHT OUT."

– Simon Brown on why he'll be selling his South32 shares. (See page 13 for more on South32. For Simon's stock tips, see page 15.)

"The price and availability of maize is critical to all food."

– **Thabi Nkosi,** senior economist at AgriSA, warns in an interview with *Business Day* that the impact of a rising maize price, which hit a 21-month high on 7 December, combined with the continued weakening of the rand, will affect the entire value chain. Due to the drought, South Africa will have to import maize next year, with the local maize crop only expected to amount to about 8m tons, substantially less than the 10.5m tons required for domestic consumption, AgriSA said.

"The meeting was a bit of a disaster."

– **Robert Minter,** investment strategist at Aberdeen Asset Management, in an interview with the *Financial Times* after the Organization of the Petroleum Exporting Countries (Opec) failed to reach an agreement on production targets. The price of Brent crude fell to its lowest levels in seven years on 7 December to below $40 (R585), with analysts predicting it could decline further next year.

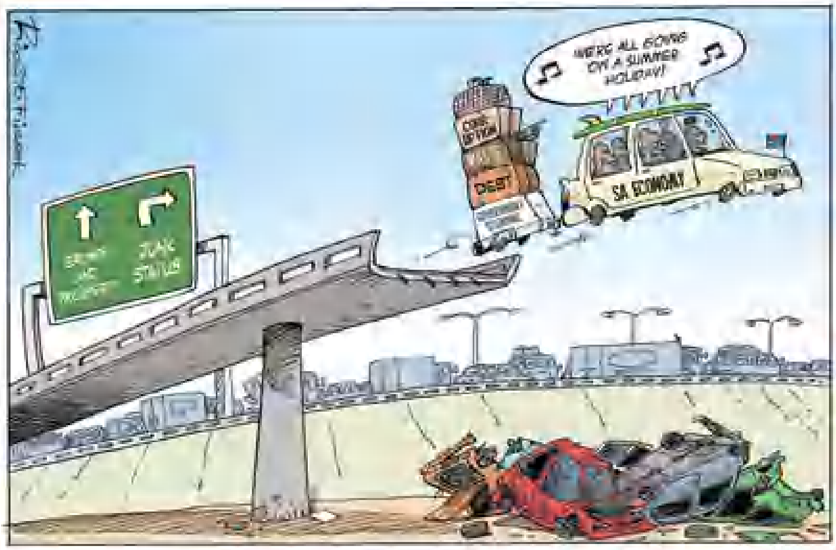
ANGLO TO SLASH JOBS, DIVIDEND

85 000

Diversified miner Anglo American plans to slash its workforce by 85 000 to 50 000 as part of a "radical restructuring", which will see the group sell assets, shut unprofitable mines and focus on three divisions: diamonds, industrial metals and bulk commodities. Anglo also suspended its dividend for the second half of 2015 and the full 2016 financial year. The aim is to cut its portfolio of mines to between 20 and 25 assets, down from 70 when CEO Mark Cutifani took over in May 2013. One of the mines it may sell is Minas-Rio, its controversial iron ore mine in Brazil, where massive cost overruns and delays led investors to call on Cutifani's predecessor Cynthia Carroll to be axed. Anglo has impaired nearly $9bn (R131.6bn) on Minas-Rio.

DOUBLE TAKE

BY RICO



TOURISTS CANCEL ON PARIS

€50m

Air France-KLM lost €50m (R800m) in revenue during November as trips to and from Paris got cancelled following the 13 November terrorist attacks in the French capital, bbc.com reported. Despite the impact, traffic for November was still up 0.8% compared with the same month in 2014, according to *The Wall Street Journal.* The airline said that current booking trends were "in line with a progressive recovery including a very limited impact on volumes after the end of December 2015". Air France would not be revising its targets for 2015.

MOVING MONEY ABROAD

R24.2bn

Portfolio investment abroad jumped to R24.2bn in the third quarter, the biggest quarterly outflow on record, according to statistics from the South African Reserve Bank (SARB). Investors moved R10bn abroad in the previous three months, Moneyweb reported. They are concerned about the weakening rand, which hit an all-time low on 8 December, amid concerns that SA may be heading for a junk credit rating following new downgrades by Fitch and Standard & Poor's on 4 December.

GOLDEN HANDSHAKE

$110m

Marissa Meyer, CEO of Yahoo!, will get about $110m (R1.6bn) as a severance package if she loses her job because of the sale of the company, CNN reported. If she is fired, as has been advocated by some investors and analysts, her golden handshake will total $25.8m (R377m). Yahoo! has abandoned plans to spin off its $32bn stake in Chinese e-commerce group Alibaba under pressure from investors, who are worried about a potentially huge tax bill. The company is instead looking at selling or spinning off its core business instead, along with its stake in Yahoo! Japan, the *Financial Times* reported on 9 December. The tech group's share price is down 31% since the start of the year. Meyer, who joined the company in July 2012, has earned in excess of $100m to date, CNN reported.

WORLD'S AUTOMOBILES TO DOUBLE

>2bn

The number of automobiles on the world's roads is set to double to more than 2bn by 2030, *The New York Times* reported. The increase in the number of vehicles will be driven largely by the rise of the middle class in industrialising parts of the world, particularly China and India. Despite concerns around global warming, most of these cars are likely to be carbon-emitting petrol or diesel fuel cars, rather than electric vehicles, it reported. The uptake of electric vehicles is hampered by their limited ranges between charges and insufficient recharging infrastructure.

THE GOOD

Abrie Beeslaar, winemaker at Kanonkop in Stellenbosch, was crowned the International Winemaker of the Year earlier this month at the International Wine and Spirit Competition (IWSC) for the second time, having first won the title in 2008. The IWSC is seen as the world's leading wine and spirits competition, with more than 5 500 products entered. Gold outstanding awards were given to a number of local distilleries and vineyards, including Cederberg Private Cellars, Distell, KWV, Nederburg, Paul Cluver, Kanonkop, Glen Carlou and Jordan Wine Estate.

THE BAD

Furniture and household goods manufacturer and retailer **Steinhoff** may have pulled off the biggest listing of the year in Germany on 7 December, but questions remain about its battle with the tax authorities, which raided the offices of Steinhoff Europe Group Services near Oldenburg in Germany on 26 November. While Steinhoff says it doesn't expect the probe to have a material effect on the group, shareholders were not impressed with the fact that it only announced the raid eight days later on 4 December, sending its share price down as much as 10% on the JSE following the announcement. (Also see page 15.)

THE UGLY

An initial draft of a forensic report by EY found that up to 60% of procurement at **SAA** could potentially be subject to what it called "weak business controls". In a statement, the SAA said its board wanted to know why an external investigation was able to identify the problematic contracts, when its own management weren't able to do so. As the can of worms at the SAA seems to only grow bigger, many South Africans will ask the same question about the parastatal's management which, despite bailouts of R30bn since 1999, still hasn't been able to turn the business around.

By *finweek* team

2015's high

With South Africa on the precipice of a recession, unemployn
against the US dollar, it's easy to forget that the year also brough
team shares some of the highlights

Biggest irritation:

President Jacob Zuma's speech writer who – despite all the social media jokes and memes making fun of the president's inability to read numbers – still fails to write the numbers out in words. Maybe we'll have better luck in twenty thousand and six... wait... hehe...

Oh, and companies who don't respect us enough to keep us properly and timeously informed of their balls-ups. MTN and its massive Nigeria fine; Steinhoff and its German tax raid; Murray & Roberts and the M1 bridge collapse are but three examples of execs taking their time to inform us of what turned out to be market-moving news.

Jacob Zuma

Our favourite troublemaker:

The year will be remembered for various student protests, starting off with the #RhodesMustFall movement which culminated in #FeesMustFall in Pretoria shortly before the year-end exams. While a noble effort (we can't wait to see which issues students will put on the national agenda next year), they still didn't come close to Julius Malema and his Economic Freedom Fighters. Never has South Africa paid so much attention to what's happening in Parliament.

Worst blow for SA's economy:

There have been many headwinds this year – electricity shortages hampering investment and output; a prolonged drought, with some provinces experiencing drought conditions for the third consecutive year of below-average rainfall; a slowing Chinese economy, which hurt commodity prices and exports in particular. But nothing comes close to the damage President Jacob Zuma and most of his administration are causing the economy through policy uncertainty, cadre deployment and supporting state-owned enterprises at seemingly any cost.

Worst market wobble:

The original Black Monday in October 1987 saw the Dow lose

22.61%

in a single day.

On Monday 24 August, dubbed 'Black Monday', Chinese stocks suffered their steepest fall in one day, with Shanghai's main share index closing down nearly 9% amid fears of a slowdown in the world's second-largest economy. Global markets followed suit, with the Dow Jones at some point trading down 10% over two trading days, reminding traders of the original Black Monday in October 1987 when the Dow lost 22.61% in a single day.

CEO to watch:

If it owns a mine or a well, it's probably in trouble, *The New York Times* writes in a recent article detailing the pains of being in the commodity business at the moment. We will be keeping a close eye on two mining CEOs, for two very different reasons: Sibanye Gold boss Neal Froneman, who is building a (so far) home-grown new diversified miner; and Mark Cutifani, who is cutting what used to be the grand old dame of SA's economy – Anglo American – to... nothing?

Neal Froneman
CEO of Sibanye Gold

Mark Cutifani
CEO of Anglo American

EFF leader Julius Malema during the debate on the State of the Nation Address on 17 February in Parliament in Cape Town. Opposition leaders launched bitter attacks on President Zuma as they got their first chance to reply to his State of the Nation Address.

s and lows

ment rising and the rand continuing to weaken to record levels t some lighter moments, and even good news. Here the *finweek* s – and disappointments – of 2015.

Best turnaround:

We're cautious about getting too excited about what's happening at Eskom under Brian Molefe's watch – yes, load-shedding is but a distant memory, but we've learnt that the utility can do wonderful things (like run its super expensive open-cycle gas turbines more than is financially wise, or rejig that never-ending maintenance schedule) to keep the lights on when the political masters require it. We're not cynics, but aren't there local elections coming up next year?

In the private sector, Super Group, under CEO Peter Mountford, has been doing phenomenally well to turn around its business, and we're keeping a close eye on Sappi, where Stephen Binnie has made much progress to cut down debt and restructure the business. And let's hope Bernie Brookes can create some miracles at struggling retailer Edcon.

Most business-friendly politician:

Finance minister Nhlanhla Nene has an impossible job, as Mills Soko from UCT's Graduate School of Business explains so eloquently in his column on page 4. It remains to be seen whether President Zuma and his cronies will keep Nene in his position long enough to make much of a difference to our dire finances, but he seems adamant to do the right thing while he is still in the hot seat (as illustrated by his strong stance on SAA). Nene and his team at Treasury, as well as their colleagues at the Reserve Bank, have been almost the only people to be able to provide investors with some confidence about the state of South Africa.

Nhlanhla Nene
Minister of finance

Biggest threat for 2016:

Next year will be exceptionally difficult for SA, with the Reserve Bank forecasting growth of only 1.5%, while inflation, and therefore interest rates, are expected to increase. Also prepare yourself for further tax increases as Treasury tries to find additional revenue sources to try and lower the budget deficit. While Brian Molefe has been doing a phenomenal job as Eskom CEO to cut down on load-shedding, the jury is out on whether Eskom will be able to keep the lights on next year – and at what cost. Most concerning is probably whether government will do anything much to address our water crisis, which may ultimately make the Eskom disaster look like a picnic.

Brian Molefe
CEO of Eskom

Quote of the year:

"Another bucket of blood when it might be kinder to switch off the machine."

– An investment analyst comments to *Business Day* in November about Lonmin's (then planned) rights issue, its third in six years. Lonmin has been one of the worst performers on the JSE, with its share price falling more than 90% this year.

In 2016 we're betting on:

Higher electricity tariffs, higher taxes and higher interest rates. Roll on, 2017. ■

editorial@finweek.co.za

By Lameez Omarjee

Holiday apps to have on your phone

finweek selected a number of easy-to-use apps that you should have on your phone during the holidays.

Trail Guide South Africa

This free Trail Guide application is suitable for anyone who wants to go outdoors, whether it is for hiking, cycling, or trail running on some of South Africa's best scenic routes. Users can choose trails according to length, duration, difficulty and scenery. Users can also look up accommodation, restaurants and gear stores. Features include an overview of trail descriptions; distance and navigation from current location to the start of a trail; location of trails in close proximity; GPS tracks of trails and facilities on the trail. Users can also look up points of interest, fees, emergency contacts, equipment lists and the three-day weather forecast for a specific trail.

TripIt: Trip planner

TripIt allows users to organise their travel plans from one place. Users forward travel confirmation (hotel, airline, car rental, and restaurant) emails to plans@tripit.com and TripIt will automatically create a detailed, daily itinerary for every trip. The itinerary is accessible from any device, anytime, even offline. Directions and maps are available for each destination. Trip plans can be synced with Google Calendar or Outlook. Plans can be added or edited manually from the app, or from tripit.com. Users can share trip plans via email or social media. The app is available to download for free, but a "pro" or premium version without advertising is available at R14.18.

Tuluntulu: Movies and more

A uniquely African app, Tuluntulu allows people on the continent, and the diaspora, to view their favourite home-grown content on a mobile phone. Specially designed for mobile devices that operate in low bandwidth territories, Tuluntulu currently affords users free access to 17 TV channels and 10 radio stations. The app is free to download [on either Android and iOS], and the content is free too. There are no subscription fees because the solution, and the content it streams, are supported by advertising. It took *finweek* a couple of seconds to download and install the app, which is really easy to use. Channels feature sport, fashion, news, Nollywood movies, music, series, documentaries, gaming and technology. Entertainment aside, Tuluntulu also has education and other content channels for kids, which in itself makes it worthwhile. Small wonder the app is raking in awards. Recent wins include the AppsAfrica's Best Africa App, while Tuluntulu was elected one of the top 50 start-ups in the world by Unilever Foundry 50.
– Mandy de Waal

Zomato: Restaurant finder

Zomato allows users to find places to eat. Users can browse through updated menus, pictures, and user reviews. A map feature, directions and contact numbers are also available. The Zomato Collections function allows users to search for restaurants via categories such as Newly Opened, Romantic and Top restaurants in a city. They can also search for restaurants by cuisine, location and names. The app also shows restaurants with offers and discounts. Users can provide feedback by sharing their reviews, load filtered photos and check in at restaurants and tag their friends. The app is free to download in over 150 cities across selected countries, including SA.

The app is free to download in over
150
cities across selected countries, including SA.

PriceCheck: Price comparison

PriceCheck is a free price comparison app. Users can compare products across different categories and stores. If you've found a product you like in-store and want to know where to find it cheaper, simply use the in-app barcode scanner to access prices, expert reviews, store and location information.

Sygic: GPS navigation and maps

This app is an offline turn-by-turn GPS navigation app. Navigation and maps are installed on the mobile device's SD card so there is no need for an internet connection when navigating. Map and app updates are released for free every three months. A premium version is also available. ■

editorial@finweek.co.za

market place

THIS WEEK:

FUND IN FOCUS: STANLIB MULTI-MANAGER BALANCED FUND

By Jaco Visser

Diversified and defensive

The fund is a regulation-28 compliant unit trust that invests in underlying funds, and still abides by the Pension Fund Act's regulations. It is suited for investors that wish to diversify their risk away from a single fund manager, and who want to attain a combination of capital accumulation and income growth over the medium term.

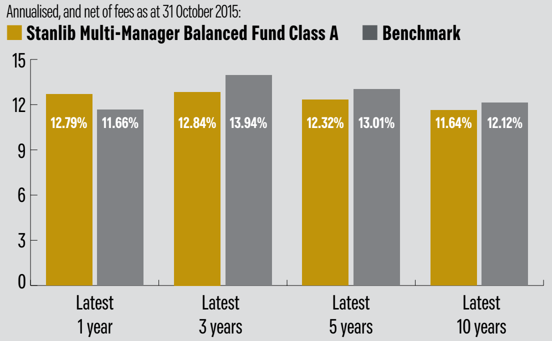
FUND INFORMATION:

Benchmark:	**SA Multi-Asset High Equity Median**
Fund managers:	**Richo Venter and Malcolm Holmes**
Total expense ratio (TER):	**2.05%**
Fund size:	**R4.7bn**
Minimum lump sum/ subsequent investment:	**R5 000 lump sum or R500/month**
Contact details:	**0860 123 003**

PORTFOLIO COMPOSITION

as at 31 October 2015:		% of fund
1	British American Tobacco	4.01%
2	Sasol	3.2%
3	Naspers*	2.75%
4	Standard Bank Group	2.68%
5	Old Mutual	2.6%
6	Steinhoff International Holdings	2.41%
7	SABMiller	2.28%
8	Compagnie Financiere Richemont	1.66%
9	FirstRand	1.19%
10	Capital and Counties Properties	1.07%
TOTAL		**23.85%**

% RETURNS



Fund manager insights:

The global component, which makes up over 25% of the portfolio, has delivered the highest absolute returns for the year given the rand's depreciation, according to Malcolm Holmes, head of portfolio management at Stanlib Multi-Manager. The portfolio has favoured global equity over global bonds and dollars over euros, which have proved to be the correct calls, he says.

The multi-manager does not select the top stock picks, Holmes explains. Rather, it selects what it believes are the best balanced managers in the country and combines them in the optimal weightings: British American Tobacco, Sasol and Naspers were the resulting top three shares, he says.

"Interestingly, these three shares represent the diversity in the portfolio, with one being a consumer-orientated, annuity income share (British American Tobacco); one a growth company (Naspers); and one a commodity-related share (Sasol)," Holmes says.

In preparation for an increase in US interest rates, and subsequent higher rates environment in many other countries the multi-manager has taken proactive steps.

The fund has been tweaking the weights of the underlying fund managers, to increase the defensive qualities within the portfolio, by upping cash and global exposure and reducing local equity content, Holmes says.

"The global component of the portfolio favours equity over bonds on valuation grounds and we are holding some global cash to deploy as opportunities arise."

Why *finweek* would consider adding it:

The fund has performed consistently with the broader long-term average return of the local stock market, even over a longer period.

The underlying funds' top picks include some of the more defensive stocks in the global market place, including SABMiller and British American Tobacco. Big financials, such as Standard Bank, FirstRand and Old Mutual – owner of Nedbank – also crop up.

A well-diversified portfolio, with many underlying stocks and other assets, may boast a challenge to any fund manager in terms of consistent returns. Stanlib's multi-manager fund – which has names such as Allan Gray, Coronation, Foord and Investec in its arsenal – may prove reassuring for many brand-conscious investors.

With Europe's economy on the recovery, the fund stands to benefit from stock picks such as Capital and Counties – which owns prime properties in London's cultural heart of Covent Garden – and Steinhoff, undoubtedly one of the world's larger vertically integrated furnisher retailers. Richemont, the luxury-goods behemoth controlled by the Rupert family, also stands to benefit from a stronger European consumer as the Chinese economy is re-engineered to be more consumer-driven. ■

editorial@finweek.co.za

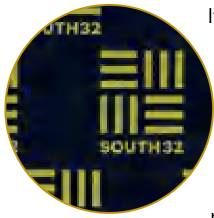
*finweek *is a publication of Media24, a subsidiary of Naspers.*

SOUTH32

BUY SELL HOLD

By Simon Brown

Not so safe and sustainable



Back in May when South32* was spun out of BHP Billiton*, I suggested a hold on the stock not because I was excited by the share or because I wanted to hold it; rather my expectation (hope?) was for a potential takeover offer from a company, maybe X2 Resources, run by Mick Davis.

Not only has this not happened, but the price has also fallen along with other resource stocks. Sure, the holding is very small within my portfolio, but I don't see any real hope for this share in the medium term.

If an offer is going to come along, it's more likely that whoever makes it will wait for a lot more price weakness, and any offer is unlikely to be at any sort of exciting price point. Furthermore, an offer may not arrive at all since activity in the resource sector is more about who is going to go bust, rather than who is going to be bought out.

So my small South32 holding is going onto the chopping block. ■

The writer owns shares in BHP Billiton and South32.

Last trade ideas

- BUY Conduit
- BUY Shoprite
- BUY Astoria Investments
- SELL York Timber

MONDI LTD

BUY SELL HOLD

By Moxima Gama

Time to turn the page

International paper and packaging group Mondi has had a phenomenal run, with its locally listed division (known as Mondi Ltd and trading under the JSE ticker MND) up 63% since the start of the year. (Mondi also has a class of shares that is dually listed in London and on the JSE, known as Mondi plc and trading locally under the MNP ticker.)

Mondi, which was spun out of Anglo American in 2007, has grown into a multinational group with operations in more than 30 countries. The bulk of its earnings come from its packaging division, which accounted for 41% of earnings before interest and tax (EBIT) in the six months to end June, while uncoated fine paper contributed 22%. The South Africa division contributed 14%.

It has spent around €160m on bolt-on acquisitions in the past 18 months, buying assets in the US, Poland, Serbia and Finland. Mondi is currently the largest producer of kraft paper and industrial bags in Europe. It now sees some of its biggest growth opportunities in food pouches that preserve everyday items, and is evaluating potential acquisitions for its packaging business.

It grew revenue 10% to €3.5bn (R55.9bn) in the six months to end June, while underlying operating profit was up 30% to €490m (R7.8bn). Return on capital employed improved by 300 basis points to 19%.

However, the weekly relative strength index has been in negative divergence since August, meaning buying momentum is exhausting. If so, Mondi could correct from current upside if support at 30 500c/share were to give in. A sell signal would be given below 28 100c/share, as downside to the 22 735c/share levels could ensue in the short term – this would offer a good switching opportunity out of Mondi into Sappi. Maintain a tight trailing stop-loss. ■

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It grew revenue 10% to

€3.5bn

in the six months to end June, while underlying operating profit was up 30% to

€490m.

Last trade ideas

- SELL Aspen Pharmacare
- BUY Datatec
- SELL Life Healthcare Group
- BUY Vodacom Group

By Moxima Gama

GRAND PARADE INVESTMENTS

Is it time to take a gamble?

Gambling and leisure group Grand Parade Investments (GPI) has had a busy year as it expands its restaurant footprint, a strategy it hoped to finance with the (failed) sale of some of its gambling assets. *finweek* takes a look at the prospects for the stock.

GPI's share price has been drifting from a record high in September 2014 of 775c/share to around 485c as at 7 December. It's been a busy year for the group, with major deals including the acquisition of a 10% stake in Spur and the expansion of its Burger King footprint.

GPI is a Western Cape-based empowerment group whose other major interests include an effective 25.1% stake in SunWest International, which owns the money-spinning GrandWest Casino and The Table Bay Hotel in Cape Town, and a 24.75% stake in the Cape Town International Convention Centre. It also holds a stake in the Worcester casino.

Established in 1997, Grand Parade has positioned itself as a sound player in the industry, focusing on cash-generative gaming assets capable of delivering long-term sustainable returns to shareholders. Since inception, GPI's share value has grown from the original investment of R28m to a net asset value of over R2.3bn.

In 2012, the group announced its plans to open South Africa's first Burger King restaurant through a joint venture agreement between its subsidiary Utish Investments and Burger King Worldwide. While it has weighed on earnings – it contributed a loss of R55.1m in the year to end June to group headline earnings, reflecting an increase of 38.2% on the previous year's loss – it has brought costs down in line with targets and reported its first store operating profit of R3.7m between April and June this year, GPI said at the release of its results.

It opened 26 stores in the past financial year, bringing the total number of stores at 30 June to 44. It has also localised 92% of its food inputs, which lessens its exposure to currency fluctuations on imported stock substantially. However, this franchise agreement may have weighed heavily on GPI's share price, as investor concerns revolved mainly around the funding of the franchise. It has already scaled back its expansion plans, which initially earmarked 100 Burger King restaurants by the end of June, to protect its balance sheet. The group has budgeted R350m for the Burger King expansion in the current financial year to end June 2016.

GPI planned initially to fund the Burger King expansion in part through the proceeds of the sale of its stake in GrandWest and the Worcester casino. The casino sales would have formed part of a much bigger transaction, which would have seen Tsogo Sun acquire a 40% stake in GrandWest and Worcester from Sun International and GPI.

However, the deal eventually fell through after the Competition Commission said it would recommend to the Competition Tribunal to prohibit the transaction.

Although GPI is still trading within its medium-term bear channel, this correction may end soon and offer a good buying opportunity – eliciting a long-term uptrend. The fact is, SA has achieved great success in gambling from a technology and platform perspective, and the gambling industry offers generous cash flows, affording continuous dividends. Although the negative social connotations from the knock-on effect of gambling has seen governments taking some tough stances against operators, the business remains lucrative.

52-week range:	R4.30 - R7.18
Price/earnings ratio:	41.79
1-year total return:	-34.33%
Market capitalisation:	R2.15bn
Earnings per share:	R0.11
Dividend yield:	4.55%
Average volume over 30 days:	326 608

SOURCE: INET BFA

GRAND PARADE INVESTMENTS

SOURCE: MetaStock Pro (Reuters)

What next?

Possible scenario: GPI has bounced on the lower slope of its medium-term bear channel and could rebound to the upper slope. It would only escape bearish territory above 565c/share, potentially completing a 100% retracement to the 790c/share mark. The secondary target above that level would be at 1 035c/share. A long position is recommended above 560c/share.

Alternative scenario: GPI could retract further to the 315c/share level on continued downside through the lower slope of the channel – signalled below 415c/share. In which case, do not buy. ■

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Moxima Gama has been rated as one of the top 5 technical analysts in South Africa and outperformed the market during the recent recession. She has been a technical analyst for 10 years, working for BJM, Noah Financial Innovation and for Standard Bank as part of the Research Team in the Treasury Division of CIB.

By Simon Brown

Simon's stock tips

Founder and director of investment website JustOneLap.com, Simon Brown is *finweek*'s resident expert on the stock markets. In this column, he provides insight into the week's main market news.

STEINHOFF INTERNATIONAL

Tax authorities come sniffing

Steinhoff now joins MTN in the 'don't care about shareholders' grouping after it also didn't bother to inform the market of important events. Steinhoff was raided by German tax authorities on 26 November but took eight days to issue a Sens announcement, commenting that it hadn't done anything wrong. But two issues jump to mind. First, why the eight-day delay? Secondly, surely the German tax authorities know what they're doing – they've convicted a number of high-profile individuals in the past. Had I been a shareholder, I would have been very concerned. The Frankfurt listing on 7 December is likely to have been a decidedly limp affair as a result of this incident. European investors are not going to be excited about a stock that has a tax investigation hanging over its head.

MTN

NCC gets egg on its face

The mobile operator announced that the Nigerian Communications Commission (NCC) had reduced the $5.2bn (R74.6bn) fine to $3.4bn (R48.7bn) before reporting that actually the NCC had made a typo and the fine had only been reduced to $3.9bn (R55.9bn). Now, I have rallied against MTN since this disaster started, stating that the mobile operator was completely in the wrong and that the NCC was right to impose the fine. But now the NCC looks as inept as MTN and has lost a ton of credibility, potentially making it easier for MTN to argue against the fine. Certainly, people supporting the NCC against MTN, such as I, are left with little to hold up against MTN. All round, this is just a huge mess and I am very happy to be an ex-shareholder.

TOP40 INDEX

Sun sets on gold

The JSE has issued the changes for the various indices, which will be effective as of 21 December. Notably, AngloGold Ashanti will exit the Top40, which means that for the first time ever our main index will have not a single gold miner in it. I am old enough to remember the days when the index was chock-full of gold miners and now we have none. It tells us what we frankly already know; gold mining in South Africa is over. Sure, companies will continue to mine and maybe even make some profits from time to time. But, 130 years after gold was discovered – and Johannesburg and the JSE came into being – we have reached the end of an era. The question we need to answer is where can we look to for replacements. First indications are global industrial stocks such as SABMiller and British American Tobacco, but the former is delisting next year and the latter is really a UK company with a secondary listing locally. Where's SA Inc.?

130 years

after gold was discovered – and Johannesburg and the JSE came into being – we have reached the end of an era.

PSG AND NASPERS

The Naspers head office in Cape Town.

Halden Krog/Bloomberg via Getty Images

Impressive book builds

One of the first mantras of investing is to buy low and sell high and that's exactly what PSG and Naspers* have done. With their shares trading at very high levels and, in the case of PSG, well above net asset value (NAV), this is a great time to be selling shares. So they both did hugely successful book builds, with PSG raising R1.5bn and Naspers $2.5bn (R35.9bn). My concern would be that these new shares have a permanent claim on future profits and are hence diluting existing shareholders, but I can't fault the raising of money using their very expensive shares.

ANCHOR CAPITAL

No longer cheap

Back when it released interim results, I suggested Anchor Capital could potentially do 50c in headline earnings per share (HEPS) for the full year and at the time that made its 1 200c share price seem cheap. A trading update confirms the potential for 50c as it expects to report HEPS of 43.1c to 52.7c. But the share is now on 1 800c and as such no longer cheap, having priced in the expected increased profits. ■

The share is now on

1 800c

and as such no longer cheap, having priced in the expected increased profits.

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*finweek *is a publication of Media24, a subsidiary of Naspers.*

By Simon Brown

INVESTMENT PORTFOLIOS

Wrapping up the annual review

As an investor, you have to ensure that the stocks in your portfolio meet your requirements on a continual basis. This week, *finweek* advises you on what to consider when reviewing your portfolio's composition.

Last week I wrote about reviewing your portfolio performance against the indices' one and three-year returns. This week we'll cover the second part of the review process: the actual shares you hold.

This second step of the process is harder – you need to have a long look at what you hold and decide if the stocks are still worth holding, focusing on fundamentals rather than price.

How does it go wrong?

Often a portfolio can suffer from what I call 'portfolio drift'. By this I mean that you as the investor started with strong conviction to build a great portfolio, but along the way you bought stocks that didn't really meet your requirements. After that, you hesitate to sell the underperforming stocks until, eventually, the contents of the portfolio no longer suit the strategy you set out using.

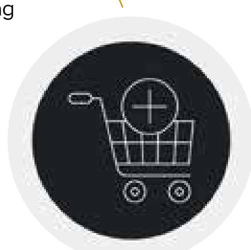
But another issue that can arise is that you buy a stock that you think suits your strategy, but it in fact does not. Either you erred in buying it or the stock has changed into a company that no longer meets your requirements.

It is far too easy to let a stock slide, and I'm not talking about price. Instead I mean the company's business strategy and the execution of that strategy. You may have bought an awesome company at some point, but is it still an awesome company today?

This process should be ongoing as results are released, but I find the year-end period a great time to review the stocks I hold and make sure they're still awesome.

You may have bought an awesome company at some point, but is it still an awesome company today?

Do you sell the stock or put it on review?



This process may result in stocks either being sold or put on review. They are sold if they simply no longer meet the requirements of the portfolio strategy. If they're reviewed, it means you're not sure about a certain stock and want to wait and see.

I started 2015 with two stocks on my review list – my platinum exchange-traded fund (ETF) and Clover, and both were sold during the year. I sold the ETF because I was simply wrong about the white metal – I expected a price increase and instead it collapsed, so I bailed. In the case of Clover, I hoped the company would be awesome, but it turned out to be just good and good is not enough.

This created space in my portfolio, but I also bought a bunch of new shares (Discovery*, Astoria*, Balwin* and Santova* – it's been a busy year). So I now hold 15 stocks and have a list of three that I will likely be selling as they no longer meet my requirement of being awesome. Ideally, I want a maximum of 12 stocks in my portfolio. If I do decide to sell, I'll write about it in an upcoming House View.

Ideally, I want a maximum of 12 stocks in my portfolio.

Also, you may want to add a stock, but does it fit? I have a portfolio rule that states I can only have two stocks in any one sector. The recent Transaction Capital results got me wondering if it could be an awesome buy and included in my portfolio. But I already hold two financial stocks: Capitec* and Standard Bank*. So in order to buy Transaction Capital, I would have to sell one and it is certainly not going to be Capitec – that company is truly awesome. In the case of Standard Bank, however, I am not so sure so it's on the watch list and I will ponder this stock's future in my portfolio.

Watch out for the dog

A last point is if you have a 'dog' in your portfolio. It's that stock you bought expecting to earn great riches, but then it collapsed and now you don't want to sell it because the loss will be massive. Forget the loss, sell it and move on. You'll never recover the money and the stock is causing you pain every time you see it in your portfolio – so sell it right now. ■

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**The writer owns shares in Discovery, Astoria, Balwin, Capitec, Standard Bank and Santova.*

Simon Brown has been interested in the stock market since his school days in the 1980s and bought his first share a week before the stock market crash of 1987. He started his first trading website in 2000. He has been investing and trading, while also teaching and writing about the subject of markets, ever since.

Gallo Images/iStock

By Steinman de Bruyn

ADAPT IT

Innovation that's paying off

Adapt IT has grown from a small IT business to a group with a market capitalisation of R1.7bn. This ICT company is one to bet on.

There is a lot of negative sentiment and volatility going on in the markets and in order to find value, one has to dig deep and look at all possible opportunities. Lately we've been eyeing Adapt IT, an innovative IT services and solutions provider, which is still relatively low on the investment radar. Adapt IT provides a variety of specialised services and solutions to the financial services, energy, manufacturing and education sectors.

Management, led by Sbu Shabalala and a very competent board of directors, has been able to grow the company from a small IT business to a group with a market capitalisation of R1.7bn and customers in 24 countries worldwide. Its share price is up nearly 2 100% over the past five years. Revenue still mainly comes from South Africa (77%), with the rest of Africa (10%), the Americas (8%), Australasia (4%) and Europe (1%) catching up quickly.

The difference between Adapt IT and other ICT companies is mainly the fact that it provides tailored software solutions and support, whereas other comparable companies, like EOH for instance, are more focused on services and hardware. In other words, Adapt IT owns a large chunk of its software and solutions, whereas EOH provides services and hardware solutions.

Sbu Shabalala
CEO of Adapt IT

Gallo Images/iStock

We estimate that, given the company's track record and its continued drive towards growth, Adapt IT is on track to achieve at least 30% HEPS growth for the foreseeable future.

This means a large part of its income is annuity based, whether in the form of licence renewals, updates or general support; most of the time these fees are paid for in advance, also enhancing the business's cash flow. Scalability is also in Adapt IT's favour, as it can increase revenues without adding too many costs. As it's been growing, Adapt IT has actually been able to increase its operating and EBITDA (earnings before interest, tax, depreciation and amortisation) margins, which we think are very impressive. Effective 1 July, the group amalgamated 11 subsidiaries into the main operating company as divisions. This should increase operating efficiencies even more and we expect it to start bearing fruit in the 2016 financial year.

Its share price is up nearly **2100%** over the past five years.

Latest results (for the year to end June) proved to be another stellar year for the group, with revenue growing by 42% to R575.3m and operating profits up by 89% to R93.8m. Headline earnings per share have increased by 35%. At the time of writing, the stock was trading at a historical price-to-earnings ratio (P/E) of 27.9.

Apart from strong cash flow growth, the balance sheet looks solid with the solvency and liquidity ratios at very stable and respectable levels (2.49 and 1.08). Current capital commitments are also covered by its cash resources and bank facilities and it should only need to raise capital for new acquisitions.

The implied forward P/E is 21.5, a figure we feel comfortable with given that the company has been growing its earnings per share at a compound annual growth rate of 34% per annum over the previous five years. Given what management has been able to achieve over the past five years, one hopes that it raises capital pretty soon, as that would mean that another acquisition or two are on its radar. We estimate that, given the company's track record and its continued drive towards growth, Adapt IT is on track to achieve at least 30% HEPS growth for the foreseeable future. ■

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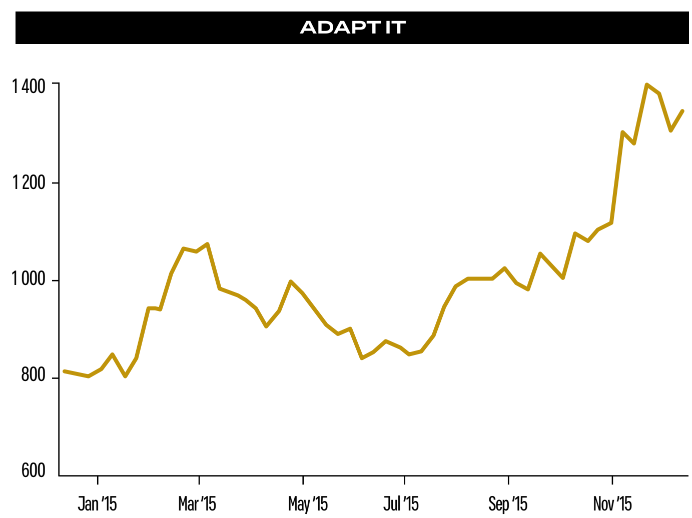
Steinman de Bruyn is a director at Capilis Asset Managers.



52-week range:	R7.33 - R14.50
Price/earnings ratio:	28.26
1-year total return:	63.80%
Market capitalisation:	R1.75bn
Earnings per share:	R0.47
Dividend yield:	0.83%
Average volume over 30 days:	152 450

SOURCE: INET BFA

By Schalk Louw

REVIEW

The A-Z of investments in 2015

finweek takes a look at some of the economic implications of the big events of this past year.

A: #ALLMUSTFALL

2015 definitely stands out as the year when everything fell. It started with the University of Cape Town's #RhodesMustFall campaign earlier in the year – followed by violent protests at other universities across South Africa as part of the #FeesMustFall movement – which concluded with no university fee increases for 2016. Let's hope that next year marks the end of these #AllMustFall movements and the start of a new #SAMustGrow campaign.

B: BANK LENDING RATE (PRIME RATE)

The end of 2014 brought about rumours of an interest rate hike in 2015. Surprisingly, we faced two hikes this year. Luckily, both increases were gradual, bringing us to our current prime rate of 9.75%. Overall expectations indicate that this will not be the last increase, so all eyes remain focused on 2016.

Both increases were gradual, bringing us to our current prime rate of
9.75%.

C: CASH

I'm sure that most pensioners experienced some relief after the combined 0.5% interest rate hike in 2015. With money-market rates at 5.6% at the end of 2014, the current 6.2% will surely be welcomed by pensioners.

Most pensioners experienced some relief after the combined
0.5%
interest rate hike in 2015.

D: DIVERSIFICATION

In 2015 we were reminded of the fact, yet again, that a well-diversified portfolio provides investors with a peaceful night's sleep. Investors who were only invested in shares and who decided to decrease their risk by diversifying towards the end of 2014 would have sported a 7.82% return in the Multi-Asset Low Equities Class, and a 7.93% return in the Multi-Asset High Equities Class. The FTSE/JSE All Share Index delivered a 6.96% return over the same period.

E: ECONOMY

With the local GDP showing growth that was close to 1% lower than that of the G7 developed countries in 2015, we should consider ourselves lucky that the rand didn't weaken even further. The International Monetary Fund's expected GDP growth for 2016 is a mere 1.3% for SA, which leaves little room for improvement over the short term.

F: FEDERAL RESERVE BOARD (FED)

Following the financial crisis of 2008, the US Fed dropped interest rates from 5% down to an average rate of 0.13% between 2009 and 2014. Just as in 2014, speculation was strong that quantitative easing would end and that interest rates would start to rise in the following year. Although this still didn't happen at the end of November, the Fed is expected to announce its first increase before the end of the year with regular increases to follow in in 2016.

G: GOLD

With the price of gold at more than $1 700 per ounce in 2012, it has now dropped to its current level of $1 079.60/oz (as at 7 December – R15 680.87) in a mere two years. Only 2016 will tell whether this marks the end of the price fall.

Gold is at a level of $1 079.60/oz.

H: HOUSE PRICES

Higher interest rates are clearly starting to take their toll on local house prices, which, according to Absa, only rose by 4.8% over the past 12 months, in stark contrast to the 9.7% rise over the previous 12-month period.

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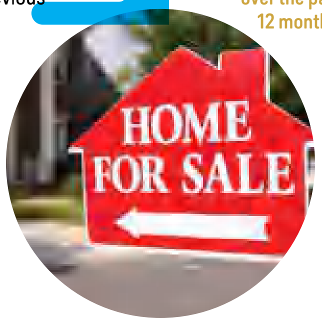
over the past 12 months.



I: INFLATION

With the weakening of the rand at the end of 2014 and the massive increases in food and fuel prices, expectations remained the same as at the end of 2014: that inflation would present a big problem this year, and that reconsidering low interest rates would be inevitable. Luckily, the average inflation rate remained stable at 4.5% in 2015. With the rand currently at its lowest levels ever, however, these figures will be monitored very carefully by the South African Reserve Bank in 2016.

The average inflation rate remained stable at
4.5%
in 2015.

J: JSE

Following the market's 16%-per-year growth over the past five years, 2015 definitely posed a challenge for investors. Despite the market's 7% increase, volatility returned with a vengeance. At current valuations, our market definitely isn't as cheap as it was three years ago.

K: 'KITE-FLYERS' SOCIETY

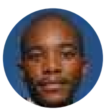
Bad debt is still causing massive headaches for banks. Debt as a percentage of disposable income still ran higher this year. At 78% (compared with 50% in the 1990s and 60% levels in the early years of the millennium), the future looks 'red'.

L: LONG BONDS

Interest rate hikes made it a slightly more difficult year for long bonds. Long bonds increased from 8.3% in 2014 to 8.9% as at the end of November, which is in line with interest rate movements this year.

Long bonds increased from 8.3% in 2014 to **8.9%** as at the end of November.

M: MAIMANE & MALEMA



In May 2015, the DA elected Mmusi Maimane as leader and along with Julius Malema (EFF) on the other side of the spectrum, the ANC is facing its strongest opposition in years. With the 2016 local elections approaching, these two leaders will be watched very closely in the coming months.

N: NEST EGG

Not much has changed in terms of saving since last year and again, most South Africans failed the savings test horribly. At the turn of the millennium the country's citizens were able to save at least 2% of their annual income. Unfortunately, this number has dropped to -2% in 2015.

O: OIL & ORE

2015 marked another difficult year for oil producers. After the price of Brent oil declined from $110/barrel in 2014 to $57/barrel (48% decline), 2015 didn't see much of an improvement. At its current $44/barrel level (R639.70), it is no wonder that companies like Sasol had such a hard time in 2015.

Iron ore faced a similar dilemma this year, making it another tough year for iron- and metal-producing companies. After declining by more than 47% in 2014, iron was down by 40% as at the end of November. Metals such as copper (down by 28%) and platinum (down by 31%) also didn't manage to escape the massive commodity sell-off in 2015. Hopes for 2016 include that these prices may normalise to better levels for all commodity-producing countries, including SA.

P: PROPERTIES

Listed properties delivered a strong comparative return in 2015, with a 15% rise in the FTSE/JSE SA Listed Properties up to the end of November.

Q: QUANTITATIVE EASING

The Fed announced the initial round of quantitative easing (QE) in November 2008, followed by further rounds. Early in 2014, it was thought that these 'easings' were starting to find traction in the USA and also, more importantly, that they were coming to an end. This outlook hasn't changed much, as in recent news, it was reported that this will be a gradual process, so we'll return to this subject in 2016.

R: RETIREMENT

As at the end of 2015, the economy is still under a lot of pressure and with interest rates remaining low, being able to retire comfortably is still a great concern for many South Africans.

S: SOUTH AFRICAN RAND

2015 has to be the year the rand would like to forget as soon as possible. Although the US dollar strengthened in 2015, we still saw an average weakening of 16% against all the major currencies and the forecast for 2016 doesn't look too good either.

2015 has to be the year the rand would like to forget as soon as possible.

T: TRANSACTIONS

The transaction that definitely stole the spotlight in 2015 has to be the one involving our very own SABMiller. In November AB-InBev was granted permission to purchase SABMiller at a whopping $121bn (R1.7tr), which marks the biggest takeover transaction worldwide this year.

U: UNITED STATES

The FTSE All World Index had a tougher year in 2015 and was down by 2% for the year as at the end of November. In US-dollar terms, the FTSE/JSE All Share Index's 18% decline over the same period certainly caused a lot of commotion. The USA (S&P500), however, managed to beat most world markets with its 2.4% growth for 2015.

V: VOLATILITY

After falling to its lowest levels since 2006 in June 2013 (12%), the SA Volatility Index is currently trading higher at an average of 19.5%, which clearly shows that investors are not too comfortable with current investment conditions.

W: WWW

In 2015, internet companies worldwide definitely showed up in most investment portfolios. The FTSE/JSE World Index declined by 2% in US-dollar terms as at the end of November, while the Dow Jones Internet Index, in contrast, grew by 25.2% over the same period. Many, however, feel that, being a new bubble, it may also burst much like the 2000 IT bubble, making it likely that there will be a crash any day now. ■

The FTSE/JSE World Index declined by **2%** in US-dollar terms as at the end of November.

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Schalk Louw is a portfolio manager at PSG Wealth.

By Lucas de Lange

JSE

Bears becoming cocky

Who would have guessed that Sappi would be one of this year's best performers? This, along with other suprises, underscores the importance of diversification, especially in a market where the bears have started gaining the upper hand.

That the principle of diversifying your portfolio through various companies and sectors cannot be overemphasised, was recently confirmed again with many stalwarts on the JSE battling fierce headwinds. In addition, it's happening on a JSE that has many questions hanging over it with most companies experiencing bear markets, as can be seen in the accompanying tables.

To mention a few: MTN is down 48% since reaching its high in September last year. The company is being severely punished for its shenanigans in Nigeria; Standard Bank, previously the darling among the banking shares, is 32% down from its high – in April this year – and is back to where it stood in February 2014. It's also suffering due to a scandal. But generally speaking, banks are doing poorly, as is apparent from a winner like FirstRand, dropping by 23% since April this year. Even Mr Price, which has been such an excellent performer, has been shown to have feet of clay – it's down 31% since April this year.

Then we have Tiger Brands, the country's largest food group and for many years one of the JSE's stalwarts, in good as well as bad times. Much has been written about the enormous amounts that it has lost in Nigeria owing to poor decision-making by a management team supported by a board consisting of many highly experienced business people. The group is down 22% since reaching its high in February this year. And the pain that Anglo American caused its shareholders is beyond the pale. It's 85% lower than its record high of R557 in June 2008.

One thing is very evident from the accompanying tables*. Look at the long list of companies whose shares are below their 200-day exponential moving averages (EMAs). This is the longest list thus far this year and shows how strong the bears are at the moment. Only 39% of the shares are currently lying above their 200-day EMAs.

The surprise of the year is Sappi. There isn't a single analyst or portfolio manager that could have predicted at the beginning of the year that it would rise 11 months later as the strongest share among the heavyweights on the JSE. Proponents of the value investment style, who had the courage to buy the share when it was the stepchild among the Top40, must be highly pleased. Fortress B, which is second on the list of the strongest shares, confirms to what extent property shares have gained in popularity among investors. It is remarkable how much management talent has come to the fore in the property sector over recent years, even performing in the global arena. Just look at how well NEPI is doing in Eastern Europe.

Of the shares that are showing signs of a breakout, there are few that are worth noting. Only Richemont, Mpact and Clicks look interesting. ■

editorial@finweek.co.za

STRONGEST SHARES*

COMPANY	% ABOVE 200-DAY EXPONENTIAL MA
SAPPI	33.4
FORTRESS B	32.8
PSG	31.7
CAPITEC	23
BLUETEL	22.9
SABMILLER	22.3
NASPERS-N	18.4
MONDI PLC	17.9
NEPI	17
RESILIENT	17
KAP	16
BAT	15.9
OCEANA	12.4
SUPER GROUP	12.3
CITY LODGE	12.3
DISCOVERY	12
AQUARIUS	11.9
HOLDSPORT	11.6
INVESTEC PLC	10.6
PICK N PAY	10.1
OLD MUTUAL	10

BREAKING THROUGH

COMPANY	% ABOVE 200-DAY EXPONENTIAL MA
CLICKS	5.6
WBHO	3.3
SPAR	3.2
MPACT	3
RICHEMONT	1.4

*The number of shares used as basis has been increased to 104 to accommodate important shares that have made headlines.

REUTERS/Siphiwe Sibeko

MTN is down

48%

since reaching its high in September last year.

WEAKEST SHARES*

COMPANY	% BELOW 200-DAY EXPONENTIAL MA
LONMIN	-89
KUMBA IRON ORE	-67.5
ARCELORMITTAL	-58.7
ARM	-51.6
GLENCORE	-47.9
ANGLO AMERICAN	-47.5
IMPLATS	-46.3
ASSORE	-44.6
M&R HOLDINGS	-39.3
EXXARO	-39.1
NORTHAM	-39
RB PLATINTUM	-37.5
AMPLATS	-36.6
LEWIS	-35.7
HARMONY	-34.1
MTN GROUP	-28.7
BHP BILLITON	-28.2
CORONATION	-27.5
IMPERIAL	-23.4
PPC	-22.9
TONGAAT	-22.5
GRINDROD	-22
MMI HOLDINGS	-19.4
TFG	-18.9
STANDARD BANK	-17.8
BARLOWORLD	-17.7
SUN INTERNATIONAL	-17.4
ANGLOGOLD ASHANTI	-16.5
DATATEC	-15.7
NEDBANK	-15
LIBERTY HOLDINGS	-14.8
RAUBEX	-14.3
MASSMART	-14.2
BARCLAYS AFRICA	-14
SASOL	-13.8
ILLOVO	-13.8
TSOGO SUN	-13.5
PAN AFRICAN	-13.1
SHOPRITE	-12.9
NETCARE	-12.6
RCL	-12.6
NAMPAK	-12.4
GOLD FIELDS	-11.7
PIONEER FOODS	-11.3
LIFE HEALTHCARE	-11.1
RMB HOLDINGS	-10.9
FIRSTRAND	-10.7
ATTACQ	-10.3
SANLAM	-10.1
GROWTHPOINT	-10.1

Fruit in Sappi packaging.

Photo Courtesy of Sappi Limited

DIRECTORS DEALINGS

COMPANY	DIRECTOR	TRANS. DATE	TRANSACTION TYPE	VOLUME	PRICE (C)	VALUE (R)	DATE MODIFIED
ALEXANDER FO	RM Kgosana	2 December	Purchase	5,393	638	34,407	3 December
ALEXANDER FO	RM Kgosana	2 December	Purchase	12,314	645	79,425	3 December
ALEXANDER FO	RM Kgosana	2 December	Purchase	2,293	650	14,904	3 December
ALEXANDER FO	EC Kieswetter	4 December	Purchase	50,000	650	325,000	8 December
ALEXANDER FO	V Naicker	2 December	Purchase	77,000	660	508,200	3 December
GROUP FIVE	J Doorasamy	30 November	Sell	38,095	2100	799,995	8 December
GROUP FIVE	J Doorasamy	30 November	Sell	22,143	2100	465,003	8 December
KAP	M Balladon	4 December	Purchase	100,000	689	689,000	8 December
LIBERTY HOLD	BS Tshabalala	30 November	Sell	11,873	12951	1,537,672	2 December
LODESTONE	CB Hallowes	27 November	Purchase	180,000	720	1,296,000	1 December
LODESTONE	CB Hallowes	30 November	Purchase	94,000	720	676,800	4 December
METROFILE	GD Wackrill	26 November	Sell	85,350	498	425,043	1 December
NAMPAK	R Morris	4 December	Sell	2,611	2682	70,027	8 December
NAMPAK	EE Smuts	27 November	Purchase	12,250	2421	296,572	1 December
NAMPAK	FV Tshiqi	4 December	Sell	4,918	2682	131,900	8 December
NEDBANK	NP Nxasana	30 November	Sell	1,000	21085	210,850	2 December
NEDBANK	S Subramoney	27 November	Purchase	2,300	21375	491,625	1 December
NEPI	S Badea	2 December	Sell	20,000	16500	3,300,000	7 December
NEPI	M Covasa	2 December	Sell	36,458	16500	6,015,570	7 December
NEPI	M Covasa	3 December	Sell	13,371	16257	2,173,723	7 December
NEPI	CD Pascariu	30 November	Sell	171,421	16100	27,598,781	7 December
OMNIA	R Havenstein	30 November	Purchase	285	12739	36,306	2 December
OMNIA	R Havenstein	30 November	Purchase	380	12740	48,412	2 December
OMNIA	R Havenstein	30 November	Purchase	120	12747	15,296	2 December
PAN AFRICAN	N Reynolds	4 December	Purchase	100,000	150	150,000	7 December
RBPLAT	N Carr	7 December	Purchase	24,080	2465	593,572	8 December
REMGRO	M Dally	7 December	Sell	5,000	25243	1,262,150	8 December
REMGRO	M Dally	30 November	Sell	1,000	26404	264,040	4 December
SAFARI	FJJ Marais	26 November	Sell	100,000	875	875,000	1 December
SAFARI	FJJ Marais	26 November	Purchase	100,000	875	875,000	1 December
SIBANYE	C Farrel	4 December	Exercise Options	18,504	2077	384,328	7 December
SIBANYE	C Farrel	4 December	Sell	7,500	2077	155,775	7 December
SIBANYE	C Farrel	4 December	Exercise Options	9,554	2079	198,627	7 December
SIBANYE	C Farrel	4 December	Sell	4,200	2079	87,318	7 December
SIBANYE	NJ Froneman	2 December	Exercise Options	57,074	2085	1,189,992	4 December
SIBANYE	NJ Froneman	2 December	Sell	23,900	2084	498,076	4 December
SIBANYE	C Keyter	2 December	Exercise Options	25,923	2067	535,828	4 December
SIBANYE	C Keyter	2 December	Sell	10,887	2067	225,034	4 December
STEINHOFF NV	SJ Grobler	26 November	Purchase	67,850	8193	5,558,950	2 December
STEINHOFF NV	SJ Grobler	27 November	Purchase	67,850	8178	5,548,773	2 December
STENPROP	P Arenson	1 December	Purchase	118,622	€1.62	€192,167	7 December
SUPER GROUP	J Matlakala	2 December	Exercise Options	20,965	2077	435,443	4 December
SUPER GROUP	J Matlakala	2 December	Sell	11,680	3778	441,270	4 December
SUPER GROUP	K Mmutlana	16 November	Sell	2,711	3375	91,496	4 December
TASTE	JB Currie	2 December	Sell	631,884	271	1,712,405	7 December
TASTE	CF Gonzaga	2 December	Sell	37,798	270	102,054	7 December
TASTE	CF Gonzaga	2 December	Sell	562,202	285	1,602,275	7 December
TRANSCAP	CS Seabrooke	27 November	Purchase	15,922	1130	179,918	2 December
TRANSCAP	CS Seabrooke	2 December	Purchase	385,344	1146	4,416,042	4 December
TRANSCAP	CS Seabrooke	3 December	Purchase	12,443	1147	142,721	7 December
TRANSCAP	CS Seabrooke	4 December	Purchase	2,213	1173	25,958	7 December
TRELLIDOR	TM Dennison	1 December	Purchase	7,700	510	39,270	2 December
TRUSTCO	FJ Abrahams	2 December	Purchase	9,460	420	39,732	4 December
TRUSTCO	E Janse van Rensburg	2 December	Purchase	6,430	420	27,006	4 December
TRUSTCO	R McDougall	2 December	Purchase	5,900	420	24,780	4 December
TRUSTCO	R McDougall	2 December	Purchase	8,990	420	37,758	4 December
TRUSTCO	PJ Miller	2 December	Purchase	6,200	420	26,040	4 December

All data as at 9 December at 17:00. Supplied by INET BFA.

BEST AND WORST PERFORMING SHARES

SHARE	WEEK PRICE (c)	CHANGE (%)
BEST		
Beige	2	100
Eastplats	700	27.27
Atlatsa	49	25.64
Imbalie Beauty	15	25
Stefanutti Stocks	419	23.24
WORST		
Lonmin	21	-62.5
Oando	33	-51.47
Ferrum Crescent	4	-50
Buildmax	18	-28
Tawana Resources	4	-20

INDICES

INDEX	WEEK VALUE	CHANGE* (%)
JSE ALL SHARE	49 083.79	-4.06
JSE FINANCIAL 15	15 472.2	-4.18
JSE INDUSTRIAL 25	68 830.6	-3.29
JSE SA LISTED PROPERTY	620.47	-2.42
JSE SA RESOURCES	12 946.24	-9.86
JSE TOP 40	44 151.26	-4.07
CAC 40	468 186	-4.56
DAX	1 088 609	-3.33
FTSE 100	613 522	-4.45
HANG SENG	2 190 513	-2.56
NASDAQ COMPOSITE	509 824	-0.49
NIKKEI 225	1 949 260	-2.23
S&P 500	206 359	-0.77

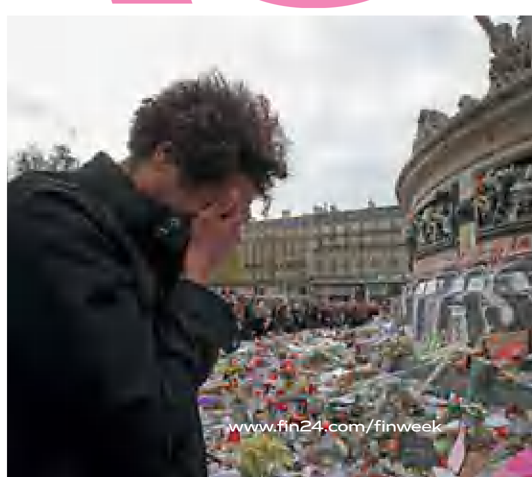
*Percentage reflects the week-on-week change.

DIVIDEND RANKING

SHARE	F'CAST DPS (C)	F'CAST DY (%)
PSG KONSULT	256	33
DRDGOLD	37	17.6
LEWIS	517	11.3
BHP BILLITON	1750	11
REBOSIS	119	10.9
MTN GROUP	1307	9.6
ACCPROP	54	9.1
OCTODEC	203	8.9
EMIRA	146	8.7
CORONATION	481	8.6

#20

HAS



2015

Key economic indicators*

USD/ZAR exchange rate
R14.59
January 2015: R11.56
+26.21% year-to-date change

EUR/ZAR exchange rate
R15.92
January 2015: R13.99
+13.8% year-to-date change

GBP/ZAR exchange rate
R21.89
January 2015: R18.01
+21.54% year-to-date change

Repo rate
6.25%
January 2015: 5.75%

Inflation rate**
2015: 4.6%
2016: 6%
2017: 5.8%

GDP growth **
2015: 1.4%
2016: 1.5%
2017: 2.1%

*All data as at 8 December 2015.
**South African Reserve Bank forecasts

FALLEN

By Liesl Peyper

2015 was a turbulent year, both locally and globally. As we wind down and consider what the new year will bring, we recap some of the events of 2015 that shaped politics, economics, and our daily lives – and could very well have a bearing on 2016.

JANUARY

Paris bleeds: Part I

Two brothers belonging to Al-Qaeda's branch in Yemen storm the office of *Charlie Hebdo,* a satirical weekly newspaper which had run cartoons of Prophet Mohammed. They kill 11 people and injure 11 others. Among the dead is Stéphane Charbonnier, who used the pen name Charb and was the editor of *Charlie Hebdo.* The disaster ends with a vast police operation two days later when police finally kill the two brothers, who were seeking refuge in a printing house 35km from Paris.

Matric pass rate declines

The class of 2014 disappoints with a 2.4% lower pass rate of 75.8% – the first decline since 2009. Minister of basic education Angie Motshekga blames the drop on the instability that follows curriculum changes. A new curriculum called the Curriculum and Assessment Policy Statement (Caps) had been phased in over the past few years, and 2014 was the year the department completed the phasing in process across all grades. The matrics of 2014 were therefore the first students who wrote exams based on the new curriculum.

The battle for Syria

The Kurds, supported by 700 US-led airstrikes, free the Syrian city Kobani from the grip of ISIS. The siege comes at a price, with approximately 400 Kurdish fighters killed. According to reports ISIS loses a thousand jihadists in the fighting. Over the next months, ISIS destroys several important antiquities in the ancient Semitic city Palmyra, including the Temple of Baalshamin, one of the most majestic and well-preserved structures. They also behead an elderly former director of antiquities at Palmyra.

Rolling blackouts

Eskom implements a series of power cuts in stages – stage one allows for up to 1 000MW of the national load to be cut, stage two for up to 2 000MW, and stage three for up to 4 000MW. The power utility continues to be under severe pressure for months to come, with rolling blackouts. Business accuses Eskom of not sticking to the schedules, which makes it difficult to plan ahead. The parastatal later manages to decrease blackouts to two hours in 102 days under the leadership of Brian Molefe.

FEBRUARY

Muhammadu Buhari
President of Nigeria

Nigeria postpones election

Nigeria's election commission postpones the country's election date by six weeks amid fears of terror attacks from Boko Haram in the northeast of the country. On 28 April citizens of Africa's largest economy go to the polls and former military ruler Muhammadu Buhari becomes the first opposition candidate to win a presidential election in the country. Final results show Buhari beats incumbent Goodluck Jonathan by more than 2.5m votes.

Glencore sells stake in Lonmin

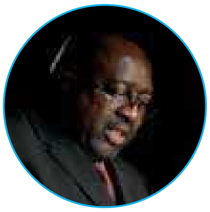
Mining giant Glencore announces its intention to sell its stake in the platinum mining company Lonmin to cut costs amid the commodity price slump. Glencore plans to distribute its 24% stake in Lonmin in shares to Glencore investors. The transaction is valued at around 3c/Glencore share. Shareholders will be free to sell or hold the shares once the deal is finalised. Lonmin shares fall more than 8% or 14.3 pence to 158.1 pence following the announcement.

EFF disrupts SONA

President Jacob Zuma's state of the nation address (SONA) takes a temporary back seat when security forces escort the Economic Freedom Fighters (EFF) out of parliament after the party leader Julius Malema and two other MPs insist that Zuma answers a question about upgrades to his Nkandla homestead. The DA walks out in protest against security forces' presence in the National Assembly Chamber. Zuma continues his address in the absence of the two biggest opposition parties.

Tax hikes in Nene's budget

Finance minister Nhlanhla Nene increases the marginal personal income tax rates by 1% for all income tax brackets, with the exception of the lowest bracket, which stays at 18%. It's the first personal income tax hike in 20 years. The finance minister says the tax hike will increase gross tax revenue by R17bn and net revenue by R8.3bn for 2015/16. In addition, motorists pay 30.5c extra in fuel levies, while a temporary increase in the electricity levy – from 3.5c per kilowatt-hour to 5.5c – has consumers coughing up more for power.



Nhlanhla Nene
Minister of finance

The finance minister says the tax hike will increase gross tax revenue by

R17bn

and net revenue by R8.3bn for 2015/16.

Discovery spreads its wings

Discovery says it plans to issue rights to raise around R5bn to finance expansion into the UK and similar markets in South Africa. The company also operates in Europe and Asia. The announcement sends its shares down nearly 4%. SA's biggest health insurer also declares a partnership with US-based John Hancock Insurance to develop a loyalty programme for good health habits similar to its Vitality model.

MARCH

Bailout for Greece

The eurozone countries begin discussions about a third bailout for Greece valued at €30bn to €50bn (R471.6bn to R786.2bn). Greek Prime Minister Alexis Tsipras initially denies that the country needs a bailout, but in the coming months the country misses critical payments. In July, after a 17-hour meeting with 19 European leaders, the EuroSummit reaches a tentative agreement for a third bailout for Greece. The deal constitutes a €86bn loan package, which helps Greece to make its scheduled debt repayments.

Blackstar rising

The Competition Commission gives the green light for private equity firm Blackstar's R2bn buyout of minority shareholders in Times Media Group (TMG). TMG owns *Business Day, Sunday Times* and *Financial Mail,* and has ventured into radio broadcasting in SA, Kenya and Ghana. The deal also includes a merger with Kagiso Tiso Holdings, a black economic empowerment entity, and charitable trust The Tiso Foundation. From the merger a new company begins, called the Tiso Blackstar Group, which is listed on the London Stock Exchange.

Deckchair shuffling at Eskom

The board of SA's power utility parts ways with its chairperson, Zola Tsotsi, after a vote of no confidence. Ben Ngubane, who has had a controversial reign as SABC chair, is appointed as acting Eskom chair. Shortly thereafter the suspended Eskom CEO Tshediso Matona also resigns. Brian Molefe, known for his successful tenure at Transnet, is seconded to act as CEO. He is made permanent in September and is hailed as a pillar of strength bringing stability to the troubled power utility.

Gallo Images/iStock

Sun International buys Peermont Global

Casino and hotel group Sun International proposes a R9.4bn buyout of Peermont Global, which has the lucrative Emperors Palace casino in Kempton Park as one of its major assets. The acquisition helps Sun International to be less reliant on GrandWest casino in the Western Cape, which contributes around 27% of the group's earnings. The proposed deal is a gamechanger in SA's casino industry, which effectively reduces the sector to two big rollers – Sun International and Tsogo Sun.

APRIL

Steinhoff gets remaining JD Group shares

Steinhoff agrees to buy out the furniture chain JD Group, offering R34/share for the 13.22% stake it doesn't already own. The deal is estimated at around R1.2bn. The acquisition gives Steinhoff an opportunity to restructure JD Group, cut costs and simplify its corporate and operating structure. Steinhoff's JD Group buyout and the acquisition of clothing retailer Pepkor for $5.7bn in 2014 enables the company to increase headline earnings to R12.4bn in the year to end June, while revenue increases by 15% to R135bn.

Investment holding company Brait, owned by South African billionaire Christo Wiese, buys 80% of Virgin Active for $1bn.

Zille bows out

Helen Zille, Western Cape Premier and leader of the DA, announces she is not available for re-election at the party's federal congress elections in May. She steps down after eight years at the helm of South Africa's chief opposition party, but remains premier of the Western Cape. Mmusi Maimane, parliamentary leader, becomes the DA's first black leader at the party's elective conference, beating federal chairman Wilmot James in an intense leadership struggle.

US-Cuba encounter

For the first time in more than 50 years the leaders of the United States and Cuba have a face-to-face meeting – at the Summit of the Americas in Panama. US President Barack Obama and his Cuban counterpart, Raul Castro, agree to open embassies in both countries. In July full diplomatic relations are officially restored and the American flag is subsequently raised in Havana and the Cuban flag in Washington at the two countries' respective embassies.

Hillary throws her hat in the ring

The former US secretary of state, Hillary Clinton, launches her campaign for the 2016 presidential elections with a Facebook page.

Brait buys Virgin

Investment holding company Brait, owned by South African billionaire Christo Wiese, buys 80% of Virgin Active for $1bn. Richard Branson's Virgin Group retains a 20% stake in the health club chain, which has 267 clubs in nine countries across four continents. Brait, which is listed on the JSE and in Luxembourg, is financing the acquisition from cash reserves gained through the sale of Pepkor in 2014 for $2.4bn.

Christo Wiese

MAY

No #PayingBackTheMoney

Minister of police Nathi Nhleko releases a report that says the firepool, amphitheatre, kraal, chicken run and visitors' centre at President Jacob Zuma's Nkandla home are all security features and the president does not need to pay back the money for these upgrades. His findings are in direct contravention of public protector Thuli Madonsela's explosive report in 2014 in which she found that Zuma had enjoyed undue benefits from these upgrades, as they could not be regarded as security features. She recommended that Zuma should pay back a percentage of the R246m spent on upgrades to his private home.

Cameron re-elected in Britain

British Prime Minister David Cameron is elected to serve a second five-year term when his Conservative Party wins enough seats for an outright majority. The Conservatives win 331 of 650 seats in the House of Commons, securing Cameron's victory. He beats Labour's Ed Milliband and Nick Clegg's Liberal Democrats, who went into a coalition government with Cameron after the 2010 elections. Both Milliband and Clegg resign as party leaders the day after the election.

JUNE

Intel takes over Altera

The world's biggest chipmaker, Intel, buys Altera for $54/share, totalling $16.7bn. Intel hopes the transaction will enable it to boost demand from the PC sector. By combining with Altera, Intel can join its processing chips with Altera's programmable chips, which will speed up web searches. The merger increases Intel's efforts to connect ordinary household devices to the Internet. Intel's acquisition of Altera is its biggest since it bought security software maker McAfee in 2011 for $7.7bn.

Scandalous soccer

Sepp Blatter announces he will step down from the Fifa presidency following the indictment of 18 people in the US on corruption charges in football. Shortly thereafter, documents seem to suggest that former president Thabo Mbeki agreed to pay $10m to secure SA's election as host nation for the 2010 Soccer World Cup. The deal was purportedly negotiated between Mbeki and the former Fifa boss. The government hits back, claiming it was a legitimate payment that went towards the development of soccer in the Caribbean.

Sepp Blatter
Former president of Fifa

Wage agreement reached

Government employees are to receive a 7% salary increase backdated from April, plus an increase of inflation plus 1% in the two subsequent years, following a deal with government. The deal staves off the risk of a damaging public sector strike, but will cost South Africa R61bn – an expense the country can ill afford amid low economic growth, unemployment and a widening current account deficit.

Rupert and Nhleko raise billions

The Pembani Remgro Infrastructure Fund, a joint venture between two of SA's wealthiest individuals, raises $345m to invest in electricity generation, transport and logistics in Africa. Johann Rupert and Phuthuma Nhleko, chairpersons of Remgro and MTN respectively, established the fund in 2012 to drive infrastructure development in Africa. The two businessmen hope to raise an additional $100m (R1.2bn) from the US government for power-generation projects across the continent.

Al-Bashir's safe passage

Sudanese President Omar al-Bashir, who is wanted by the International Criminal Court (ICC), escapes SA in spite of a court order that the South African government has to keep al-Bashir within the borders of South Africa pending a final decision on whether to arrest him. Zuma and the security cluster in government disobey the court order and make sure al-Bashir safely travels out of SA. In October the ANC says the country should exit the ICC, as it is no longer "a fair instrument", claiming the court has "lost direction".

Gallo/Getty Images

Marikana report clears Cyril

President Jacob Zuma releases the Farlam Commission's report on the Marikana shootings during a live televised broadcast. The report exonerates his deputy, Cyril Ramaphosa and the executive from any involvement in the shooting on 16 August 2012, during which 36 people were killed. The Commission, however, calls for an investigation into all police involvement in the incident, including Police Commissioner Riyah Phiyega's fitness to hold office. Zuma suspends her in October, pending an inquiry into allegations of misconduct and her capacity to execute her official duties efficiently.

Uber infuriates taxi drivers

US-based taxi and ride-sharing service Uber encounters trouble in France when police detain two executives for questioning. The company is investigated for its local transport option, which enables passengers to book rides with non-professional drivers to the dismay of taxi drivers. French taxi drivers blockade major transport hubs to protest against what they call unfair competition. Since its inception Uber has disrupted traditional business models in the global taxi industry where professional taxi drivers normally pay hefty fees for licences to operate vehicles.

JULY

Greece: Yea or nay?

Greek Prime Minister Alexi Tsipras calls a referendum so that Greeks can decide whether or not to accept the payback terms of the country's creditors. This comes after Greece misses a debt repayment of €1.5bn to the International Monetary Fund. The default creates panic and the country shuts down its banking system. Altogether 61% of voters back Tsipras's call to reject the creditors' budget cuts in exchange for loans.

Iran agrees to limit nuclear activity

In a historic deal with the US, Britain, France, China, Russia and Germany, Iran undertakes to scale back on its nuclear operations in exchange for the lifting of sanctions that have crippled its economy for years. The six countries with which the deal is reached feared Iran would build a nuclear weapon. The agreement heralds a new chapter in Iran's relations with the rest of the world. Israeli Prime Minister Benjamin Netanyahu however calls the deal a "historic mistake," saying, "sweeping concessions" were made.

Chris van der Merwe
CEO of Curro

The group's board earlier rejected Curro's

R6bn

offer of purchase, saying it was not in the best interest of shareholders.

Montana axed

The executive board of the Passenger Rail Agency of South Africa (Prasa) dismisses its CEO, Lucky Montana, following reports from *Rapport* newspaper that Prasa's R3.5bn tender for new diesel locomotives did not conform to local rail standards. To date Prasa has received 13 new diesel locomotives with dimensions too high for the long-distance routes they are intended for. In addition, public protector Thuli Madonsela released a damning report citing widespread corruption, nepotism and maladministration at Prasa under Montana's auspices.

Curro ditches Advtech bid

Private schools group Curro Holdings surprises the market by dropping its intention to take over its smaller competitor Advtech. The group's board earlier rejected Curro's R6bn offer of purchase, saying it was not in the best interest of shareholders. Curro, in turn, had the public support of Advtech's two largest shareholders and claimed it had the support of more than 50% of shareholders in total. The intended takeover would have created a $1.5bn private education giant in South Africa.

SA government sells share in Vodacom

The Public Investment Corporation (PIC) buys government's 13.91% stake in Vodacom to finance the R23bn allocation to Eskom. National Treasury does not disclose the total value of the deal, but based on Vodacom's market capitalisation on the JSE at the time the stake amounts to R28.7bn.

Key market movements*

FTSE/JSE All Share Index
+4.66% year-to-date

FTSE/JSE Top40 Index
+6.47% year-to-date

S&P500
+2.3% year-to-date

DAX
+8.98% year-to-date

FTSE 100
-2.2% year-to-date

HANG SENG Composite Index
-3.55% year-to-date

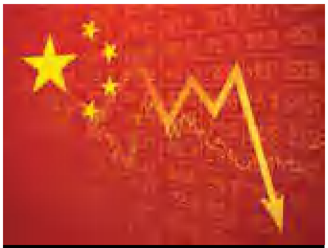
NASDAQ Composite Index
+8.33% year-to-date

NIKKEI 225
+10.25% year-to-date

*All data as at 8 December 2015.
SOURCE: INET BFA

Gallo Images/iStock

AUGUST



China's Black Monday

The stock market of the world's second largest economy plummets, triggering a sell-off in financial markets worldwide. The Dow Jones, FTSE100 and the DAX drop sharply, while currencies, especially those most exposed to China, tumble. US Markets manage to bounce back two days later. The Chinese stock market will remain volatile for the foreseeable future, analysts predict, due to the speculative nature of retail investors. The downturn is seen as a signal that the Chinese economy is not as healthy as people thought.

European immigration crisis deepens

The Balkans route now becomes the most-travelled road for refugees trying to reach Western Europe as they flee war and conflict in countries, such as Syria and Afghanistan. The UN predicts that more than 3 000 migrants will attempt to cross the Balkan to reach countries such as Germany, Hungary and Macedonia. The German government estimates that it will see 800 000 migrants seeking refuge there by year-end.

Greece's Tsipras resigns, gets re-elected

The latest bailout for Greece prompts Prime Minister Alexi Tsipras to resign and an interim government, led by Judge Vassiliki Thanou-Christophilou, takes over the reins. Tsipras, however, gets another mandate as prime minister barely a month later in snap elections – Greece's third in 2015 – when he wins 35% of the vote. In November the Greek government agrees to economic reforms, such as overhauls to the country's banking sector and changes to its pension systems. Greece's €1bn financial aid hinges on the implementation of these reforms.

Visa rules in the spotlight

President Jacob Zuma appoints a committee to investigate the impact that new visa rules have on tourism in South Africa. A new rule requiring parents to carry a child's unabridged birth certificate when visiting SA made it difficult for people to travel to South Africa and tourist numbers dropped as a result. In October government announces that the visa rules will be relaxed to allow parents to show the original or a certified copy of the birth certificate when applying for a visa.

Steel sector gets bailout

Trade and industry minister Rob Davies approves a 10% import tariff on some imported steel products that are entering SA duty-free. Davies's new steel tariffs are on condition that steel manufacturers don't increase the prices of the products subject to the duty. They also have to commit to price reductions on certain products. A number of metal and steel companies earlier issued workers with Section 189 notices, as the industry struggles to survive the tough market conditions, which is largely attributed to cheap steel imports from China.

SEPTEMBER

Woman takes the helm at Woolworths

Food and clothing retailer Woolworths appoints Cape Town-born Zyda Rylands as its new CEO. Rylands, whose career at Woolworths spans 20 years, is the former MD of foods and chief operating officer of Woolworths. She takes responsibility for the entire food and clothing business across South Africa and Africa. A chartered accountant, Rylands is lauded for the consistently strong results she has delivered as MD of the foods business, growing both market share and profits, while understanding and anticipating the needs of Woolworths' customers.

VW admits to cheating with emissions

Volkswagen, the world's biggest carmaker, admits to using software known as a defeat device to ensure it passed US testing for the emission of nitrogen oxides. Altogether, 11m of its cars were fitted with the software. The news sends its shares plummeting by more than 20% on the day of the admission. South African VW/Audi vehicles are not affected, Volkswagen South Africa says, as the country does not have a legislative emission standard.

Hitachi what?

The ANC denies any involvement in the Hitachi scandal after the Tokyo-based company agreed to pay $19m in fines for alleged improper payments to the ruling party's investment arm, Chancellor House. The Japanese company was charged in the US for allegedly paying to secure Eskom contracts worth approximately R28bn. The charges date back to Hitachi's sale of a 25% stake in a South African subsidiary to a front company of the ANC, as Hitachi was competing for a deal to build two large power plants. The deal took place in the late 2000s.

OCTOBER

MTN fined in Nigeria

The Nigerian Communications Commission (NCC) slaps MTN Nigeria with a $5.2bn (R74.6bn) penalty for failing to disconnect 5.1m unregistered sim cards from its network. MTN says the fine relates to the timing of the disconnection. MTN's number of subscribers has declined for the three months to September as a consequence of the disconnection. Nigerian subscribers who did not meet regulatory registration requirements had been disconnected. Meanwhile 3.4m of the subscribers have been reconnected. In December the (NCC) reduces MTN's fine to $3.9bn (R55.9bn), which should be paid by no later than the end of the month.

Meanwhile

3.4m

of the subscribers have been reconnected. MTN's fine, reduced to $3.9bn, should be paid by no later than the end of the month.

#FeesMustFall

Tens of thousands of university students across South Africa protest together against the increase of tuition fees at tertiary institutions. Minister of higher education Blade Nzimande comes head-to-head with angry students who reject a 6% cap on university fee increases for 2016. When students take their protests to parliament, Luthuli House and the Union Buildings, President Jacob Zuma budges and announces a 0% increase of university fees for 2016. A team from the presidency, as well as the ministers of finance and higher education, are working on details about the sourcing of funds.

When students take their protests to parliament, Luthuli House and the Union Buildings, President Jacob Zuma budges and announces a

0%

increase of university fees for 2016.

A giant is brewing

In one of the largest mergers in corporate history, Anheuser-Busch InBev (AB InBev) buys SABMiller for R1.71tr, including debt, to create the world's biggest brewer. The deal gives AB InBev a leading presence in nearly every major market and an estimated 28.4% market share worldwide – nearly three times that of its closest competitor, Heineken NV. Thanks to the transaction, ABInbev can make up for slow-growth markets in which beer consumption is shrinking.

China ends one-child policy

China announces it will allow all married couples to have two children as a means to counterbalance its aging working population. China has had a one-child policy for 35 years, in an attempt to slow population growth. Couples who violated the one-child policy faced a variety of penalties, from fines and the loss of employment to forced abortions. The country has, however, started relaxing the one-child policy in recent years, allowing more families in certain provinces to have two kids when parents meet certain criteria.

Gallo/Getty Images

NOVEMBER

Paris bleeds: Part 2

France denies entry to about 1 000 people due to "security concerns" following multiple terror attacks in Paris in which a total of 130 people were killed at various venues, including a soccer stadium, a concert hall and restaurants and cafés. ISIS claims responsibility for the attacks and as a result, France increases airstrikes in Syria and implements much stricter security measures. The ringleader, Abdelhamid Abaaoud, a Belgian national of Moroccan origin, was killed in a police raid after the attacks. He was allegedly planning more attacks on Paris.

SARB surprises with interest rate hike

Lesetja Kganyago, governor of the South African Reserve Bank (SARB), increases interest rates for the second time in 2015. The repo rate is now 6.25%. Analysts caution that there may be a second rate hike in store for South Africans in 2016, because the inflation trajectory is too close to 6%. Above-inflation wage settlements, a weak rand and the drought in most of South Africa's provinces put pressure on the inflation rate.

SAA gets gag order

South African Airways (SAA) gets an urgent interdict from the High Court against various media houses, prohibiting the publication of a leaked memo spelling out the state of its finances. Earlier in November it transpired that the airline has made a further loss of R648m in the first six months of the current financial year and is looking for further bailouts from government to the tune of R5bn to enable it to complete its financial statements for 2014/15. This is in addition to a treasury grant of R6.5bn in December 2014.

Eskom signs funding deal with French agency

SA's power utility signs a credit facility agreement of R2.3bn with the French funding agency Agence Française de Developpement (AFD). The deal provides Eskom with funds for 25 years, including a five-year grace period, and 20 years of capital repayment. The money will be used to fund Eskom's projects in the Eastern Cape, KwaZulu-Natal and Limpopo to strengthen the grid, refurbish old plants and provide for renewable energy to make inroads in the electrification backlogs in these areas.

DECEMBER

SA gets downgraded

Two ratings agencies downgrade the country's sovereign credit rating. Fitch changes its rating from BBB to BBB- which is just one level away from junk status, and downgraded SA's sovereign credit rating from BBB to BBB-, which is the lowest investment-grade rating, and alters its outlook from stable to negative. On the other hand Standard & Poor's retains its BBB-rating but changes its outlook from stable to negative. This means SA could soon be downgraded to junk status in the future.

Kevin Hedderwick calls it a day

Famous Brands CEO Kevin Hedderwick, who has managed to take the company into thirteen consecutive years of record turnovers and profits, announces his retirement. Under him, Famous Brands has grown from a two-brand company into a fast-food company with 27 brands in Africa and the UK. He will hand over the reins to Darren Hele, the group's food services chief executive, in March.

Russian government sanctions Turkey

Russia prohibits the import of food from Turkey and bans charter flights between the two countries. This comes after Turkey shot down a Russian warplane in Syria. Among the embargoed food are poultry and fruit and vegetables. Russia controls scheduled flights between the two countries, while Russians are no longer allowed to employ Turkish nationals. The country has also cancelled visa-free travel for Turkish citizens starting from the beginning of 2016.

SA, China sign bilateral deals

SA and China sign 26 agreements valued at R94bn, including a deal for a vehicle manufacturing plant in SA. The deal is clinched during Chinese President Xi Jinping's state visit to South Africa. In addition, the China Development Bank provides a $500m loan to Eskom to help finance the power utility's infrastructure plans. Other agreements are reached in the steel, energy, pharmaceutical, fruit, wine and textiles industries. ■

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By *finweek* team

THE YEAR'S BIGGEST BUSINESS BLUNDERS

From parastatals to big corporates, some management teams have been making questionable business decisions this year. We take a look at some of the more noteworthy business blunders of 2015.

SAA'S ESCALATING STATE OF DISARRAY

The chaos at South African Airways (SAA) has always been legendary, and with the apparently untouchable chairwoman Dudu Myeni at the helm, this year was no different.

2015 kicked off with CEO Monwabisi Kalawe in the naughty corner. He'd been in his post for a year when he was suspended for – among other things – using the company's spy cameras in his office so that he could foil a sexual harassment claim. Spying was a common theme this year – Myeni snatched a "spy pen" away from CFO Wolf Meyer during a meeting, and she banned all recording devices, including cellphones, from any work discussions.

A South African Airways Airbus A340-600

Nico Bezuidenhout, who'd stepped in as caretaker in November 2014, was doing a great job implementing a turnaround programme, but in June Myeni dispatched him back to being CEO of SAA's low-cost airline Mango – apparently without asking the board or Treasury.

Thuli Mpshe – head of HR – was boosted into the saddle. She lasted four months: Myeni had taken it upon herself to restructure a deal with Airbus forged by CFO Meyer. The deal switched SAA's aircraft purchase agreements to a lease agreement, which would save it billions. But Myeni demanded the planes be sold to a BEE company, from which SAA would then lease the planes.

Airbus's astonished CEO Fabrice Brégier demanded a R1.6bn deposit be transferred immediately, and Mpshe released a document saying things about the airline that made Myeni incandescent with rage. *finweek* can't say what was in the report due to a bizarre gag order brought by SAA in the middle of the night after it was first printed (at the time of going to print, media companies were in court to get the order lifted). Needless to say, Mpshe's indiscretion saw her back at HR before she knew it, and Musa Zwane, head of technical, took over. Meyer – furious about Myeni's deal-making – resigned.

> SAA's income statement for the year to 31 March is expected to show a jaw-dropping loss of **R4.4bn.**

Sylvain Bosc, chief commercial officer, was suspended for allegedly fiddling with the numbers to make an Abu Dhabi route look promising. As yet no one's yet understood what Bosc – a highly experienced French airline specialist – could have gained from the con if there was one.

The grand finale though was what appears to be SAA's income statement for the year to 31 March, which is expected to show a jaw-dropping loss of R4.4bn. If it turns out to be true, it will be the worst loss in the airline's history.

At the time of going to print, reports had it that, according to an EY draft report, up to 60% of procurement at SAA could potentially be subject to "weak business controls". ■

Image: Montague Smith-WorldWide Aviation Photos

THE SABC HORROR SHOW

Nothing on TV comes close to the B-grade horror show going on at the SABC. No good news has emerged from the public broadcaster for years, and once again in 2015 South Africans couldn't take their eyes off the slow-motion train wreck that no one seems to be stopping.

After being outright busted for lying he had a matric, the SABC's acting chief operating officer Hlaudi Motsoeneng in January tried to explain that he didn't really need it: It was just a silly piece of paper with no meaning, he said. Anyway, he'd "qualified" himself.

By March six board members had fled or were fired from the SABC, leaving the corporation three short of a quorum.

In July Frans Matlala, a staunch Hlaudi supporter, was put in position as new group CEO, a year after Lulama Mokhobo resigned after just 11 months. The public protector's office found that Mokhobo's position was made untenable by Motsoeneng's campaign to bully and undermine her. Matlala didn't last four months before he was suspended.

In October, the Western Cape High Court ordered the SABC to suspend Motsoeneng and begin disciplinary proceedings against him. He went on leave while the ruling was appealed and his disciplinary hearing, following various delays, officially started on 8 December, as *finweek* was going to print.

Meanwhile, minister of communications Faith Muthambi launched a jaw-dropping bid to take command of the SABC in a move that would put the public broadcaster back under apartheid-style direct state control.

She's got cabinet backing and is known to be close to President Jacob Zuma. No doubt the show will go on – if anyone can bear to watch. ■

South African Broadcasting Corporation headquarters in Johannesburg.

Photo by Gallo Images/Sunday Times/Waldo Swiegers

TIGER BRANDS' MULTIBILLION-RAND IMPAIRMENT

Tiger Brands got its tail yanked by Nigeria this year, ending up with a R2.7bn impairment on its biggest project outside South Africa. Last month it announced it would no longer fund its Nigerian company Tiger Branded Consumer Goods, previously known as Dangote Flour Mills (DFM) and owned by Africa's richest man, Aliko Dangote.

Tiger Brands paid nearly R1.6bn in 2012 for a 63.35% stake in DFM, which also came with R1.5bn in debt. It invested an additional R1.7bn in the venture in the year to end September. DFM looked like a great purchase on paper: it was the second-biggest flour milling company in Nigeria, the most populous country in Africa, where growth was rocketing.

> Tiger Brands got its tail yanked by Nigeria this year, ending up with a **R2.7bn** impairment on its biggest project outside South Africa.

But then it all went pear-shaped. As global oil prices plummeted, Nigeria's naira fell 25% against the dollar, pushing up the price of flour imports and squeezing the already skinny margins. In its defence, Tiger Brands can't be blamed for much of what went wrong. But a lot of grumpy shareholders have said a more diligent due diligence could have raised flags about the deteriorating quality of the product. It would also have indicated how difficult it would be for an unknown company to recover the monstrous debt from customers loyal to Dangote. ■

THE MTN/NIGERIA DISCONNECT

Telecommunications group MTN has got to be begging for this year to end. The firm somehow forgot to disconnect 5.1m unregistered sim cards in Nigeria and got slapped with a monumental \$5.2bn (R73.7bn) fine. It was reduced early in December to \$3.9bn, but shareholders are still accusing the company of a lack of transparency. (Also see page 15.)

Registering sim cards is one way countries can at least try to track down criminals, and with the ever-present threat of attack by militant Boko Haram in Nigeria, every effort is being made. With a five-year lead time, MTN could hardly claim it had been surprised by the law.

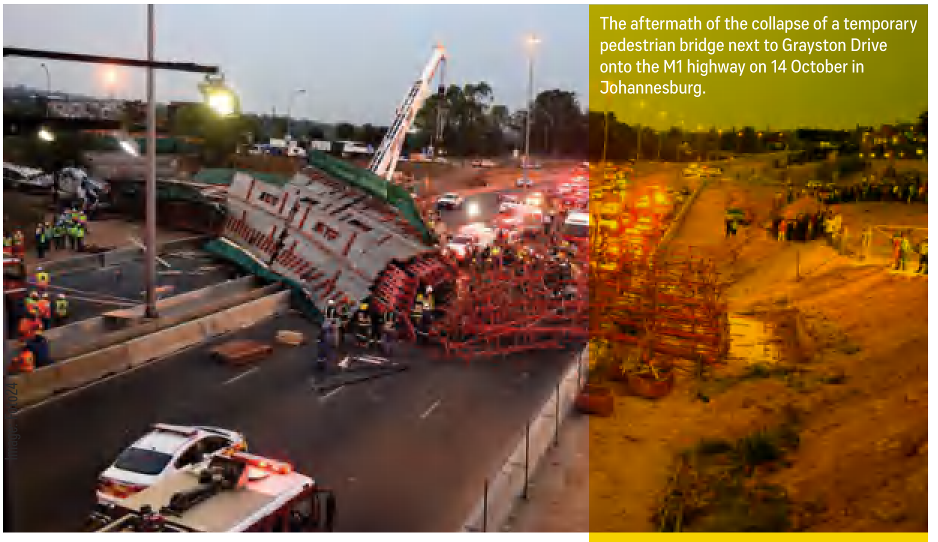
MTN's share price tumbled around 25% in the days following the initial announcement, and trade on the JSE was suspended for several hours. MTN's market value shed more than R60bn.

In early November CEO Sifiso Dabengwa resigned. The blunder has no doubt wiped the shine off his otherwise impressive CV: Nigeria is MTN's biggest market with more than 60m subscribers. Last year it brought in about \$4bn, more than a third of the group's total revenue. Dabengwa's departure was followed by the resignations of Michael Ikpoki, MTN Nigeria's CEO, and its head of regulatory and corporate affairs, Akinwale Goodluck. Non-executive chairman Phuthuma Nhleko has taken on the role of caretaker CEO. ■

Michael Ikpoki
Former CEO of MTN Nigeria

Customers register their MTN mobile phone sim cards at a roadside kiosk in Lagos, Nigeria.

Image: George Osodi/Bloomberg via Getty Images



The aftermath of the collapse of a temporary pedestrian bridge next to Grayston Drive onto the M1 highway on 14 October in Johannesburg.

VOLKSWAGEN'S DIRTY LIE

Volkswagen's huge lie about its vehicles' emissions must surely count as one of the most spectacular fails of the year. VW's scam was first uncovered in the US where it had been pushing hard to sell its diesel cars, luring customers with claims of its sparklingly clean "green" engines.

But in September it emerged that in the US 482 000 VWs had been fitted with crafty software – a "defeat device" – that could tell when the engine was in a test situation. If the device was triggered the engines would run below normal power with impressively low emissions, but when the device registered no one was looking, the engines pumped out 40 times more pollutants than is legal in the US.

Martin Winterkorn
Former CEO of VW

Once this was discovered, VW admitted that about 11m cars worldwide were also fitted with the device.

Not surprisingly, the group CEO Martin Winterkorn resigned and was replaced by Porsche boss Matthias Mueller.

The carmaker has since begun prostrating itself financially in an effort to reclaim its reputation.

VW reported a third-quarter operating loss of €3.48bn (R54.5bn), its first in more than 15 years, and set aside €6.7bn to cover costs related to the scandal. Its share price was trading at around €137 on 7 December, down from a year-high of €250 in March. Sales have also been affected, with VW sales volumes in November dropping nearly 20% year-on-year in the UK, and 25% in the US.

VW reported a third-quarter operating loss of

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(R54.5bn), its first in more than 15 years.

Don't write the company off though: VW has a market cap of over €67bn (R1tr), it has breathtaking assets and is a major player with strategic clout in a powerful industry. ■

MURRAY & ROBERTS AND THE COLLAPSED BRIDGE

The country's crippled economic growth has destroyed the value of the once-thriving local construction companies. So the horrific collapse of a bridge onto Johannesburg's M1 highway on 14 October was the last thing Murray & Roberts wanted to be connected to.

The construction company was the main contractor of the pedestrian bridge being built across SA's busiest highway. The collapse killed two people and injured 19 others.

That wasn't all though: On top of possible claims for death and injury, Murray & Roberts is also expecting to be hit with penalties of up to R6m due to project delays. Henry Laas, Murray & Roberts CEO, delivered the figure to astounded shareholders after the construction company's AGM last month. A series of investigations have been launched to see who was culpable and while no fingers are being officially pointed, Murray & Robert is likely to take the biggest hit to its reputation because of its status as the project leader. However, a series of investigations has been put in place to look at everyone from the Johannesburg Development Agency to the companies that supplied the materials in the structure. It's all in the name of fairness, as it should be. But the victims of the disaster and their families might feel otherwise as the timeline for potential payout for damages stretches into the sunset. ■

LONMIN BACK AGAINST THE WALL

Lonmin has had a ghastly run over the past few years and 2015 was right up there with the worst of them. Lonmin's share price collapsed a horrific 94% this year, and was trading at 23c on 7 December, down from an all-time high of R282.47 in June 2007. In the year to end September it reported $2bn (R28.9bn) of operating losses, including asset impairments of $1.8bn because of lower-than-expected prices and output.

In June Glencore delivered the beleaguered platinum miner a stinging slap when it dumped its 23.9% stake. While it said Lonmin was a non-core asset, it did nothing for shareholder sentiment, which dropped along with the share price.

Net debt rose to $185m at the end of September compared with $29m a year ago. High production costs, low demand and a crippling five-month strike in 2014 meant there was no way the miner could deliver on a $560m bank loan due next year.

So it didn't come as a big surprise when the London-listed company in October announced that to stay afloat it needed to raise $407m in a rights issue – its third in six years – and try to amend its debt facilities to raise a further $370m.

The banks said they'd do it if the investors agreed to follow the issue.

The Public Investment Corporation, 7% owner of Lonmin, gave it the nod immediately but other investors hummed and hawed. Some analysts said it wasn't worth throwing good money after bad: the company was doomed; others said Lonmin's fortunes would change when the platinum price inevitably rose with increasing demand.

In the end the deal was done, and 27bn new Lonmin shares were dropped into the market at a 94.3% discount. As well as raising cash though, fixed costs and capital expenditure needed to be slashed. ■

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HOW 2015'S LISTINGS FARED

By Marcia Klein

finweek takes a closer look at this year's new listings on the local bourse.

New listings this year were dominated by property companies and special purpose acquisition companies (SPACs). The latter refers to companies that have no assets, and raise money through their listing for future acquisitions or mergers. From an investment point of view, such companies give investors the opportunity to take part in private equity-type investments via a listed instrument.

While the South African economy and currency have been under pressure and the stock market volatile, the JSE recorded 22 new listings, just short of the 24 recorded in 2014*.

MAIN BOARD

NOVUS HOLDINGS**

MARKET CAP: R4.1bn
EARNINGS PER SHARE (EPS): 75.7c for the six months to September (2014: 65.1c), and 139.41c in 2014 full-year.
SHARE PRICE MOVEMENT SINCE LISTING: -20.5%
DATE LISTED: 31 March
OVERVIEW: The company, which operates printing plants for book, magazine and newspaper publishers, retailers and government, was formerly called Paarl Media. The listing, which saw Novus spun out of Media24, was opposed by Caxton and CTP Publishers. The Competition Tribunal dismissed Caxton's application, but as a result of the outcome of a recent appeal, Media24 is now required to register the listing as a change of control.

Novus, which listed through a private placing, reported September results showing flat revenue, but an improved profit margin, resulting in a 16.2% increase in headline earnings.

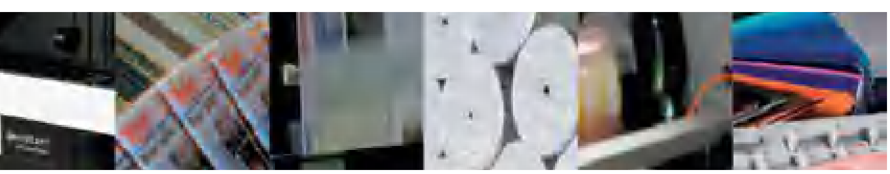
ZAMBEZI PLATINUM

MARKET CAP: R6.2bn
SHARE PRICE MOVEMENT SINCE LISTING: -7%
DATE LISTED: 11 May
OVERVIEW: Zambezi is a special-purpose vehicle created to house the BEE shareholding in Northam Platinum. Zambezi, headed by Lazarus Zim, holds 31.4% of Northam. Its listing created a way for the market, rather than Northam or its banks, to fund its BEE shareholders, with BEE shareholders locked in for 10 years. The preference shares have an annual coupon of prime plus 3.5%. The share's performance relies on that of Northam. This, plus the 10-year wait, makes it an institutional rather than individual punt.

The company, which has stores in Botswana, SA, Zimbabwe and Kenya, reported a

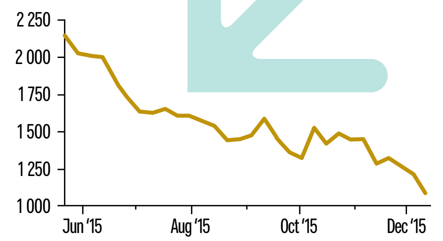
19%

increase in turnover, but margins were under pressure.



SOUTH32

MARKET CAP: R58.1bn
SHARE PRICE MOVEMENT SINCE LISTING: -40%
DATE LISTED: 18 May
OVERVIEW: The share price movement of South32, the Perth-based metals and minerals company formed through the BHP Billiton demerger, reflects how badly it has been hit by the commodities rout. *The Wall Street Journal* recently pointed out that South32 backers claimed its low debt and its focus on a few commodities – including aluminium, nickel, manganese and coal – would buffer it, but in fact, it has done worse than most of its peers, and significantly worse than BHP Billiton itself. Its most recent quarterly report shows mixed production results, but lower costs and debt, as promised pre-listing.



52-week range:	R10.67 - R22.33
Price/earnings ratio:	-
1-year total return:	-
Market capitalisation:	R58.1bn
Earnings per share:	-
Dividend yield:	-
Average volume over 30 days:	971 039

SOURCE: INET BFA

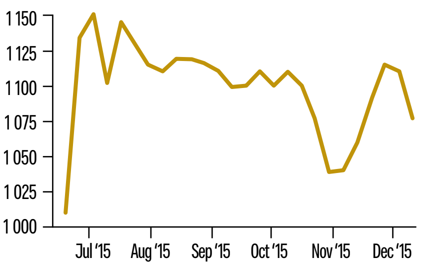
CHOPPIES ENTERPRISES

MARKET CAP: R6.5bn
EPS: BWP16.92 (pula) (2014: 13.88)
SHARE PRICE MOVEMENT SINCE LISTING: -6.5%
DATE LISTED: 27 May
OVERVIEW: The Botswana-based discount retailer embarked on a secondary listing in South Africa as part of its plan to expand its sub-Saharan footprint from the 129 stores it had at its June year-end. The company, which has stores in Botswana, SA, Zimbabwe and Kenya, reported a 19% increase in turnover, but margins were under pressure. Choppies has a huge and effective competitor in the form of Shoprite, but despite this, it increased its store space by 25% in the past financial year, with plans to keep on growing to meet growing consumer demand across the continent.

INDLUPLACE PROPERTIES

MARKET CAP: R2.62bn
SHARE PRICE MOVEMENT SINCE LISTING: 10%
DATE LISTED: 19 June

OVERVIEW: This share gained some interest as the first listed residential property real estate investment trust because it was spun out of the experienced Arrowhead. Indluplace, which has a portfolio of over R1.6bn, posted results to end September showing a significant increase in revenue on the back of acquisitions in the previous year, and a concomitant increase in property and finance expenses. Those who have already invested in other listed properties may want to diversify their exposure, although at the time of Indluplace's listing, it was pointed out that investors have shied away from residential property as the yields can be lower than for commercial property.



52-week range:	R10.00 - R11.90
Price/earnings ratio:	10.01
1-year total return:	-
Market capitalisation:	R2.62bn
Earnings per share:	R1.10
Dividend yield:	2.07%
Average volume over 30 days:	743

SOURCE: INET BFA

CAPITAL & REGIONAL

MARKET CAP: R10.9bn
SHARE PRICE MOVEMENT SINCE LISTING: 8%
DATE LISTED: 7 October

OVERVIEW: The UK-based real estate investment trust, which is largely invested in shopping centres, initiated a secondary listing on the JSE, giving investors exposure to property in Europe alongside a number of other property counters that offer a similar investment opportunity.

The company, established by a number of high-profile business people and with the backing of the Public Investment Corporation and the Capital Appreciation Empowerment Trust, raised **R1bn** through a private placing, double what it hoped to raise.

SYGNIA

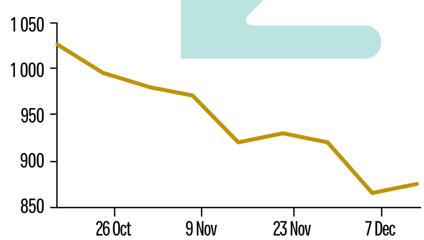
MARKET CAP: R1.9bn
SHARE PRICE MOVEMENT SINCE LISTING: -5%
DATE LISTED: 14 October

OVERVIEW: The listing of this company, headed by well-known asset manager Magda Wierzycka, was clouded by the huge interest in the share, which led to many potential investors not getting any share allocation at all. Results for the asset management company for the year to September were marginally better than in the prospectus. Despite an initial spike in the share price – from R15.30 to R16.45, the price has since retreated.

BALWIN PROPERTIES

MARKET CAP: R4bn
SHARE PRICE MOVEMENT SINCE LISTING: -15%
DATE LISTED: 15 October

OVERVIEW: Balwin, which builds sectional title developments, listed to support its expansion and development. Its listing followed that of Indluplace as a residential property investment option, but with a focus on development rather than distribution income.



52-week range:	R8.01 - R11.05
Price/earnings ratio:	-
1-year total return:	-
Market capitalisation:	R4bn
Earnings per share:	-
Dividend yield:	-
Average volume over 30 days:	185 241

SOURCE: INET BFA

CAPITAL APPRECIATION

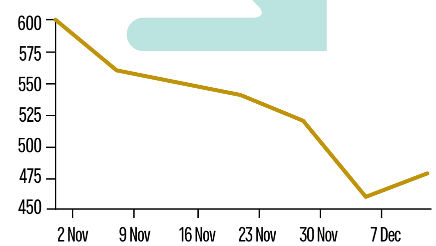
MARKET CAP: R1.2bn
SHARE PRICE MOVEMENT SINCE LISTING: -9%
DATE LISTED: 16 October

OVERVIEW: This was the first SPAC to list on the JSE. The company, established by a number of high-profile business people and with the backing of the Public Investment Corporation and the Capital Appreciation Empowerment Trust, raised R1bn through a private placing – double what it hoped to raise. It had a number of potential investments in the offing at the time of listing.

TRELLIDOR

MARKET CAP: R465.9m
SHARE PRICE MOVEMENT SINCE LISTING: -23.5%
DATE LISTED: 28 October

OVERVIEW: The security barrier manufacturer, supplying to individuals and businesses in SA and the rest of Africa, recorded 2015 sales of R293m in its pre-listing statement. It also experienced a 35% annual compound growth in earnings before interest, tax, depreciation and amortisation.



52-week range:	R4.25 - R6.50
Price/earnings ratio:	-
1-year total return:	-
Market capitalisation:	R465.9m
Earnings per share:	-
Dividend yield:	-
Average volume over 30 days:	291 995

SOURCE: INET BFA

GAIA INFRASTRUCTURE CAPITAL

MARKET CAP: R529m
SHARE PRICE MOVEMENT SINCE LISTING: 4%
DATE LISTED: 12 November

OVERVIEW: The Cape Town-based company, which funds infrastructure projects in renewable energy and other sectors, is another SPAC aiming to take advantage of Africa's infrastructure backlog.

STOR-AGE
MARKET CAP: R1.4bn
SHARE PRICE MOVEMENT SINCE LISTING: 2%
DATE LISTED: 16 November
OVERVIEW: The recently listed Stor-Age is the JSE's first self-storage fund, offering investors a niche property investment in 23 properties worth R1.3bn. The company, which raised just over R1bn ahead of the listing, aims to add another R1bn worth of properties to its portfolio.

BEE SHARES

The listing of MTN Zakhele and Sasol Inzalo follows the Financial Services Board's new rules regulating over-the-counter trading.

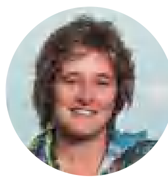
MTN ZAKHELE
MARKET CAP: R6bn
SHARE PRICE MOVEMENT SINCE LISTING: 15%
DATE LISTED: 5 November
OVERVIEW: The share price has held up well, considering the massive fine MTN has been saddled with in Nigeria.

SASOL INZALO
Sasol Inzalo shares were last trading at R45.12 in over-the-counter trade, listed on 1 December, but no trades have been recorded.
DATE LISTED: 1 December
OVERVIEW: These shares represent a BEE shareholding of 2.4% of Sasol.

ALT-X

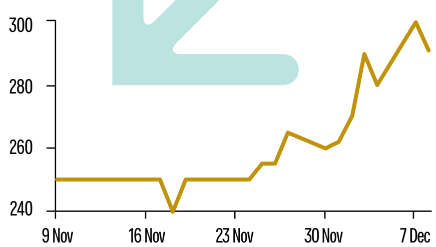
NEW FRONTIER PROPERTIES
MARKET CAP: R3.5bn
SHARE PRICE MOVEMENT SINCE LISTING: -8%
DATE LISTED: 21 January
OVERVIEW: New Frontier, the first listing of 2015, was a secondary listing for the company with a primary listing in Mauritius. By March, listed property group Rebosis had acquired a controlling stake.

LODESTONE REIT
MARKET CAP: R1.4bn
SHARE PRICE MOVEMENT SINCE LISTING: 2.8%
DATE LISTED: 25 February
OVERVIEW: The real estate investment trust focuses on retail and industrial properties.



Nicola Newton-King
CEO of the JSE

NVEST FINANCIAL HOLDINGS
MARKET CAP: R881m
SHARE PRICE MOVEMENT SINCE LISTING: 28%
DATE LISTED: 29 June
OVERVIEW: The Eastern Cape-based asset manager, with over R14bn under management, listed following a capital-raising exercise, which included a limited public offer.



52-week range:	R1.90 - R3.64
Price/earnings ratio:	-
1-year total return:	-
Market capitalisation:	R881m
Earnings per share:	-
Dividend yield:	1.5%
Average volume over 30 days:	-

SOURCE: INET BFA

RENERGEN
MARKET CAP: R110.6m
SHARE PRICE MOVEMENT SINCE LISTING: -11%
DATE LISTED: 9 July
OVERVIEW: This SPAC, which invests in renewable energy, has, since listing, announced its first acquisition — 90% of petroleum production company Molopo South Africa Exploration and Production.

INTERNATIONAL HOTEL GROUP
MARKET CAP: R840m
SHARE PRICE MOVEMENT SINCE LISTING: 9%
DATE LISTED: 14 October
OVERVIEW: This was an inward listing of a Luxembourg-listed property company following a private placement that raised R250m. It has three hotels, worth £18m (R393.9m), in its portfolio, which will focus on UK hotels.

M-FITEC INTERNATIONAL
MARKET CAP: R78m
SHARE PRICE MOVEMENT SINCE LISTING: 2.5%
DATE LISTED: 17 November
OVERVIEW: The special-purpose acquisition company was the first financial technology SPAC to list and, under the chairmanship of Didata co-founder Richard Came, will look for investments in the financial technology space.

ASTORIA INVESTMENTS
MARKET CAP: R2.2bn
SHARE PRICE MOVEMENT SINCE LISTING: -0.1%
DATE LISTED: 25 November
OVERVIEW: This was a secondary listing for the Mauritian investment company following a private placement. The funds raised will be invested offshore in listed and private equity, as well as offshore funds.

GREEN FLASH PROPERTIES
DATE LISTED: 27 November
OVERVIEW: Green Flash, a Mauritian company, listed following a private placement of shares. There had been no trades at the time of going to press. ■

editorial@finweek.co.za

**All data as at 7 December 2015.*
***Media24, the owner of finweek, is the majority shareholder in Novus.*

By Johan Myburg

For the love of art

2015 saw an immense amount of money being spent at art auctions. *finweek* takes a look at some of the works that were sold and the artists who created them.

Three modern art masters dominated the world of art auctions this year – with portraits of women. Picasso, with the O-version of his *Les femmes d'Alger*, Gauguin with his *Nafea faa ipoipo?* and Modigliani with *Nu couché.*

Paul Gauguin (1848-1903), Pablo Picasso (1881-1973) and Amedeo Modigliani (1884-1920) were contemporaries. Picasso was 22 when Gauguin died, but his appreciation for Gauguin is apparent, among others, from a painting he made shortly after Gauguin's death and signed it "Paul Picasso" in the departed painter's honour. Picasso and Modigliani knew one another well, but they also differed widely from one another.

What the three of them had in common was that they were all womanisers.

And their portraits of women were also sold for record prices this year.

Gauguin holds the record for the highest price paid for his work in a transaction; Picasso holds the record for the highest price obtained at an auction, followed by Modigliani.

In February, Gauguin's *Nafea faa ipoipo?,* 1892, was sold in a private transaction for $300m (R4.3bn at current rates). The buyer was apparently a Qatari museum.

The other two paintings, which were sold for record prices on overseas auctions, are Picasso's *Les femmes* d'Alger (Version 'O'), 1955, and Amedeo Modigliani's *Nu couché,* 1917/18.

The Picasso was sold in May for $179.4m (R2.6bn) and the Modigliani in November for $170.4m. Both the paintings were sold in New York at Christie's auctions.

The Picasso was sold to an anonymous Saudi. The Modgliani was bought by the Chinese businessman, Liu Yiqian.

Nafea faa ipoipo?

Paul Gauguin

1892

Oil on canvas (101cm x 77cm)

In 1891, Gaugin packed his bags and left for Tahiti, an island that he expected to be a primitive paradise.

Nancy Mathews, author of *Paul Gauguin: An Erotic Life*, 2001, refers to Gauguin's depiction of Tahitians as people who live to sing and love. Gauguin loved passionately and married three girls.

Nafea faa ipoipo?, which means, "When are you going to marry?", is one of his most famous works for which there are many prints. The figure in front is dressed in traditional Tahitian garb, while the girl in the back is dressed in Western clothes, which have also been referred to as typical "mission clothes".

Nafea faa ipoipo?, which means, "When are you going to marry?", is one of his most famous works for which there are many prints.

The paintings that he took from Tahiti to Paris did not really find favour. This particular work was not sold when it was exhibited in Paris in 1893.

Rudolf Staechelin bought this painting from the Maison Moos gallery in Geneva in 1917 and it was owned by the Rudolf Staechelin family trust until it was sold earlier this year.

Nu couché

Les femmes d'Alger (O) fetched

$31.9m

at this auction. The expected maximum price was $12m.

Les femmes d'Alger (Version 'O'),

Pablo Picasso

1955

Oil on canvas (114cm × 146.4cm)

Picasso's *Les femmes d'Alger* (Version 'O') is one of the Spaniard's most famous later works, and according to experts the best example of his work in private ownership.

In 1954/55, Picasso painted a series of paintings, which were inspired by Eugène Delacroix's *Women of Algiers in their quarter,* 1834.

After the death of his close friend, Henri Matisse, Picasso started working on *Les femmes d'Alger, (O)*. Two months later, in 1955, he completed this work – a startling synthesis of cubist shapes, perspective and colour.

The keen American art collectors, Victor and Sally Ganz, bought the complete series of *Les femmes d'Alger* for $212 500 in 1956. Picasso's dealer, Daniel Kahnweiler, at the time insisted that the series should not be broken up. The Ganz couple later kept versions of C, H, K, M and O and sold the rest to the New York Saidenberg gallery. After Victor Ganz's death in 1988, C was sold and in 1997 the remaining four were sold individually at a Christie's auction in New York.

The four works were sold for a total of $206.5m (R2.9bn) – a record for a collection of works at the time from a single collector. *Les femmes d'Alger (O)* fetched $31.9m (R459m). The expected maximum price was $12m (R172.6).

Nu couché

Amedeo Modigliani

1917/18

Oil on canvas (60cm × 92cm)

Two years before his death, due to his heavy drinking and drug abuse (he was too sick to serve in World War I), Modigliani painted this naked study as a tribute to eroticism. In the tradition of Titian's *Venus of Urbino*, the supreme Renaissance naked study.

But this call to love in a time of war made people feel ill at ease, even 100 years later. When *Nu couché* (Sleeping naked figure) was exhibited in the street window of the Galerie Berthe Weill in Paris, a crowd gathered in the street and eventually the police insisted that the exhibtition should close.

Bloomberg faded the private parts and the *Financial Times* used black blocks to cover its nudity.

And when the November auction price was shown on TV and appeared in the papers, this naked figure was sensored one hundred years later. Bloomberg faded the private parts and the *Financial Times* used black blocks to cover its nudity. Refer to the American presenter Stephen Colbert's discussion on this issue and nudity in art at http://boingboing.net/2015/11/13/stephen-colbert-what-is-art.html.

The Creation of Adam

The Creation of Adam

Alexis Preller

1968

Oil and gesso (chalk) on canvas (119cm x 134cm)

At the November auction of Strauss & Co in Johannesburg it was evident that Irma Stern and Pierneef weren't the only artists who caused a sensation at local art auctions. The group is systematically being extended to include later South African artists such as Cecil Skotnes, Johannes Meintjes, Maggie Laubser and Alexis Preller.

It was in fact Preller's work *The Creation of Adam,* 1968, oil and gesso on canvas (119cm x 134cm), which sold for over R8.5m, which is a record for Preller.

A second Preller, *Apollo Kouros II,* 1971/5, intaglio oil and gold leaf on fibre glass, mounted on bronze (151.5cm x 121.5cm) was sold for R5.4m.

It was in fact Preller's work *The Creation of Adam*, 1968, oil and gesso on canvas (119cm x 134cm), which sold for over R8.5m, which is a record for Preller.

Miner with hand drill

Anton van Wouw

1911

Bronze with brown verd-antique (height 61cm)

But the highlight of the auction was the record price fetched by a bronze statue by Anton van Wouw.

Van Wouw's *Miner with hand drill,* 1911, with brown verd-antique, broke a record for this artist's work when it was sold for R4.8m. In just two years, the price of this work more than doubled. In 2013 it fetched just over R2m when it was sold at a Strauss & Co auction. ■

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Van Wouw's *Miner with hand drill,* 1911, with brown verd-antique, broke a record for this artist's work when it was sold for

R4.8m.


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HUAWEI

By Simon Brown

Holiday reads

Most of us like to use the December holidays to catch up on our reading. *finweek* makes a few recommendations.

The year-end holiday is a time when I totally remove myself from the markets. I stop watching results, stock moves and all data from around mid-December for at least three or four weeks. But there is one exception: I do use this time off from the market to read. I love reading and I always read at least two investing or trading books over the holiday. One will always be *Trading in the Zone* by Mark Douglas (I have read this book more than a dozen times over the years) while the second book will either be a new one I have discovered, or I'll return to one of my old favourites.

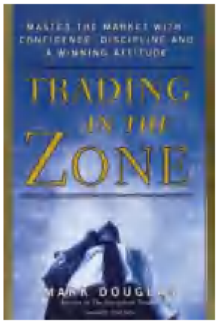
People are always asking me which books they should read so here are my thoughts on some of the trading and investing books I have read:

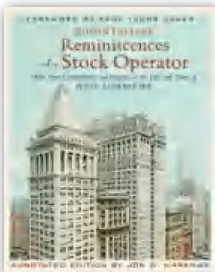
Trading

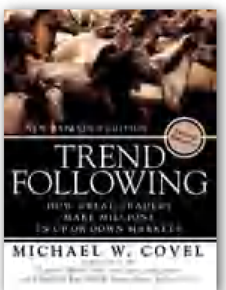
Trading in the Zone

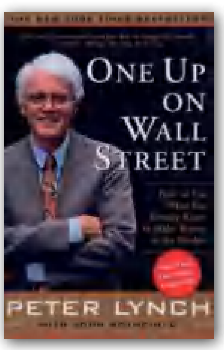
by Mark Douglas

This is my absolute all-time go-to book on trading. It deals exclusively with the psychology of trading and is undoubtedly not only the book that started me making profits, but also the one that keeps me on the straight and narrow of disciplined trading. There are no pictures or funny stories; it is tough to get through, but an absolute must-read. When it was initially published, the theory of managing emotions in trading was to banish them – easier said than done. These days a lot of the emotional work is more around identifying and managing the emotions than banishing them, but that in no way detracts from this excellent book.









Reminiscences of a Stock Operator

by Edwin Lefèvre

This book was first published in 1923 and details the story of Jessie Livermore. Livermore was a trader who made every possible trading mistake but, importantly, learnt most of the lessons, which makes this such a powerful book. He makes the mistakes, thinks long and hard about them and corrects them. As such, we can learn from him and hopefully avoid making the same mistakes. I still find myself quoting his lessons in my written work and presentations, and also include them in my trading systems. Ultimately Livermore died broke and by his own hand, but that in no way diminishes the lessons imparted in this excellent book.

Trend Following

by Michael W Covel

I am a trend-following trader in my trading and much of my conviction from this style of trading comes from this book. Covel paints a very clear and convincing picture of what makes trend trading so powerful, and helps readers understand the hardships of trend trading (such as large drawdowns and long streaks of losing trades). But ultimately he convinces one that trend following is by far the best way to trade. This book does not include trading systems or ideas; he wants you to sign up for his courses and software to get those details, but I wouldn't go that far. We can find all the systems we need on the internet or from our own efforts.

This is my favourite book on investing written in the 1980s and is still a mine of useful information and ideas.

Investing

One Up on Wall Street

by Peter Lynch

This is my favourite book on investing written in the 1980s and is still a mine of useful information and ideas. This is the book I always recommend people start with. Lynch offers ideas, theories and methodologies for investing, finding companies and keeping track of them. Most importantly, this book is written for

LUCAS DE LANGE'S TOP PICKS

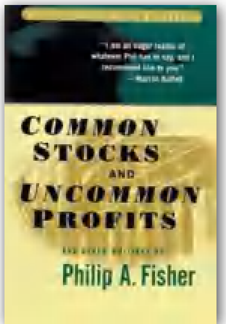
Lucas de Lange, a former editor of *finweek* and author of two books on investment, recommends the following titles:

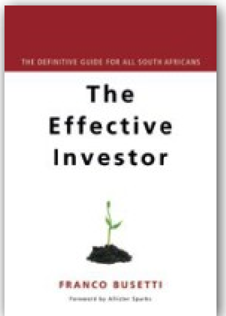
What Works on Wall Street by James O'Shaughnessy
Informative research on the methods that will provide stock exchange investors with the best long-term results, ranging from dividend investment to relative strength.

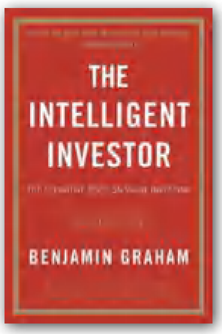
How I made $2,000,000 in the Stock Market by Nicholas Darvas
Written by someone who called himself a blockhead when it came to the stock exchange (he was a professional dancer), yet he discovered a method to make lots of money investing in stocks. Easy reading, especially for beginners, and still popular after more than half a century.

The Intelligent Investor by Benjamin Graham
Authoritative reading on how to find fundamental value. A book that has to be read piecemeal, reflecting on each piece. Warren Buffett said when he was 19, he regarded it as the best book on investing. He still thinks that – at 85!

How to Make Money in Stocks by William O'Neil
A successful, methodical system that can help a hardworking investor achieve success.







the non-professional so he doesn't assume access to management and the like. A very practical and easy-to-read book, and a must-read for every beginner.

Common Stocks and Uncommon Profits

by Philip A Fisher

People still call Warren Buffett a value investor and sure, he did start that way having studied under Benjamin Graham, but at some point in the 1970s Buffett moved his style to GARP (growth at a responsible price) and his investment methodology these days is pretty much based on this excellent book. Investors want great companies and are going to have to cough up for these great companies. This book helps one understand which to fork out for and how much to pay. More technical than Lynch's *One Up on Wall Street,* it goes into great detail using real examples and practical ideas that one can implement and use for one's own investing.

The Effective Investor

by Franco Busetti

This is a locally published book so the examples are from South Africa, but that's not what sets it apart from the other books. Busetti was an 'insider' who has in a sense 'gone public' and this book exposes a lot of the shortcomings in the industry – such as the desire to predict the future when all the evidence says the success rate of predictions is lower than the odds of winning a coin toss. Not a simple book to read; it opens one's eyes, but also helps one simplify one's process and thought patterns.

The Intelligent Investor

by Benjamin Graham

Everybody who is just starting out in investing wants to read this book and my honest view is not to bother if you are looking for working methodologies. There's nothing wrong with value investing and this is the bible of value investing. But this is a very dry book to read and the Graham methodology is so strict that not one JSE-listed stock met the criteria when I tested them earlier in the year. ■

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on the money quiz & crossword

This week you stand a chance to win *KasiNomics – African Informal Economies and the People who Inhabit Them* by GG Alcock if you get all the answers right. Enter by completing the online version of this quiz, accessible via fin24.com/finweek from 14 December.

1 **True or false?** The CEO of Anglo American is Marcel Joubert.

2 Which prominent South African recently drew criticism for his comments on apartheid?

3 Name the country the Proteas played against during a recent test series.

4 Who did former Western Cape MEC Lennit Max accuse of mistreating black DA members, resulting in a public spat?

5 **True or false?** Venezuela recently held elections.

6 Which Chinese city recently had to issue its first-ever red alert because of severe smog levels?

7 Which US actor said he would move to South Africa if Donald Trump were to become US president?
- Leonardo DiCaprio
- Samuel L Jackson
- Will Smith

8 What is Truvada?
- The capital of Nepal
- An HIV-prevention pill
- A local hip-hop group

9 **True or false?** The chairperson of SAA is Thuli Mpshe.

10 Name the company that manages the City of Johannesburg's waste management. It recently saw its employees embarking on an illegal strike that lasted two weeks.

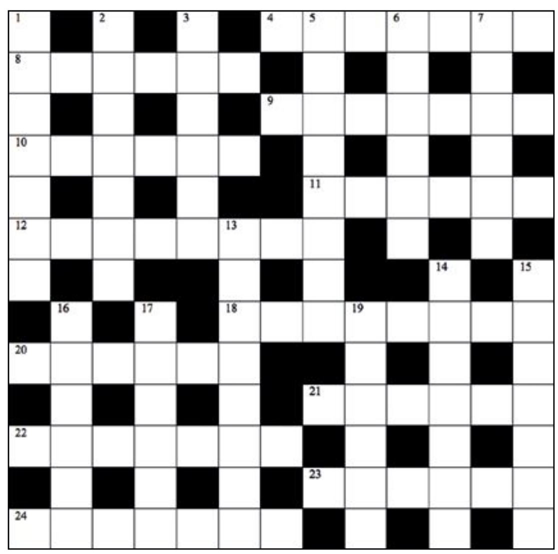
CRYPTIC CROSSWORD 612 JD

ACROSS

4 Medium pasty odd choice, errors and omissions excepted (7)
8 Fit to put in the picture (6)
9 Diogenes, say, a little disenchanted (7)
10 Newlyweds soundly grilled by cardinal (6)
11 Non-Ecclesiastic city first in California (6)
12 Plant finished up with a poor return (8)
18 Delinquent royal flees but, you hear, moves to first suspect (8)
20 Joe to go look for escort (6)
21 Be right behind the river bank (6)
22 Old monetary unit of the South (7)
23 Feed the Italian wearing the green jacket (6)
24 Correct French article below (7)

DOWN

1 It's over: English rugby player's short synopsis of original storyline (7)
2 Commits to publish manuscript in folios (7)
3 Writer's alternative source (6)
5 Rover returns shortly with girl's small telescope (8)
6 Point of no return for Celtic river goddess (6)
7 Book is good laugh beginning to end (6)
13 Feeble person needs help, we hear, with something to drink (8)
14 Mistake is a royal cause of annoyance (7)
15 Found out about the French celebrity (7)
16 Broach a lie you say to the French (6)
17 Tea party's over, no time to moan (6)
19 Bother doctor attending to Italian (4,2)



Solution to Crossword NO 611 JD

ACROSS: 1 Cantatas; 5 Stud; 9 Halal; 10 Landtag; 11 As is; 12 Hotelier; 13 Lost in thought; 18 Crownlet; 19 Pate; 20 Formica; 21 Meths; 22 Rare; 23 Elsinore

DOWN: 2 Alassio; 3 Transit; 4 A fly on the wall; 6 Tatting; 7 Dogtrot; 8 Un-hero; 13 Lucifer; 14 Scourer; 15 Inuit; 16 Umpteen; 17 Hitcher

On margin

Study buddies

A guy asked a girl in a library: "Do you mind if I sit beside you?"

The girl replied with a loud voice: "I DON'T WANT TO SPEND THE NIGHT WITH YOU!"

All the students in the library started staring at the guy. After a couple of minutes, the girl walked quietly to the guy's table and said: "I study psychology and I know what a man is thinking. I guess you felt embarrassed right?"

The guy responded with a loud voice: "$500 FOR ONE NIGHT? THAT'S TOO MUCH!"

All the people in the library looked at the girl in shock. The guy whispered in her ear: "I study law and I know how to make someone feel guilty."

A chemist, an engineer and an economist

A chemist, an engineer and an economist are stranded on a desert island. They carry with them some canned food but have no ordinary means of opening the cans.

The chemist suggests gathering some wood and starting a fire and then holding the cans over the heat, counting on the expanding contents to burst open the cans.

The engineer thinks it would be better to try smashing the cans open with some of the stones lying around.

The economist begins, "Assume we had a can opener…"

Festive season

Q: Why is Christmas just like your job?
A: You do all the work and the fat guy with the suit gets all the credit.

The four stages of life:
1. You believe in Santa Claus
2. You don't believe in Santa Claus
3. You become Santa Claus
4. You look like Santa Claus

"This past Christmas, I told my girlfriend that all I wanted was an Xbox. That's it. Beginning and end of list: Xbox. You know what she got me? A homemade frame with a picture of us from our first date together. Which was fine. Because I got her an Xbox."
– Anthony Jeselnik

Four-year-old to her two-year-old sister: "Let's play Christmas. I'll be Santa Claus and you can be a present and I'll give you away."

"Before I can verify you as my preferred gift supplier, I will need to see your BEE certificate."

Verbatim

Darrel Bristow-Bovey @dbbovey
2015 is *annus horribilis* for SA sport. Good thing everything else is going so well, or we'd probably all really need a holiday.

Tom Eaton @TomEatonSA
Well done to India for winning the one-test series in Delhi. Well done to Indian groundsmen for winning the 3-test series last month.

Jimmy @JimmyFitz77
If at first you do succeed, try to hide your astonishment.

Andy Paterson @CFDTRADINGIDEAS
#JSE #ALSI Definition of a 'HEAVYWEIGHT' on the JSE: a share that falls faster than normal…
Billiton -6.78%
Anglo -9.71%

Muks @OhSoMuks
Interviewer: Do you have any experience in a leadership role?
Me: I am the group admin for a WhatsApp group.

Adam Black @AdamBla27986197
This is the letter MTN received: "Blessed be your soul, sir. I'm the son of a Nigerian prince who recently died, and I need your help…"

Helen Zille @helenzille
Hi everyone, when our DA canvassers call you please be polite and receptive. They are working to save and build our country.

OA MaSibanda @MaS1banda
That's what the telemarketers, SABC TV license debt collectors, Credit "lenders", trolls, pranksters also say :-(

Paul Berkowitz @paulyberk
'Is this Paul?'
'Maybe'
'Do you have sufficient political cover?'
'…how did you get my number?'
#ColdCallFiles


ROLEX
OYSTER PERPETUAL YACHT-MASTER 40
FOR AN AUTHORISED ROLEX DEALER IN YOUR AREA VISIT ROLEX.COM